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NEAR EAST/NORTH AFRICA REPORT

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DETERIORATING RELATIONS BETWEEN IRAQ, SYRIA DISCUSSED

Beirut THE ARAB WORLD WEEKLY in English No 664, 17 Apr 82 pp 6-8

[Text] At a time when Arab unity was never more in demand, Syria and Iraq have decided to openly air their grievances against each other, a state of affairs which culminated this month with the closure of the borders between the two countries and the stoppage of Iraqi crude oil to Syria.

Relations between the rival regimes in the neighboring Socialist Arab countries for the past decade have been peppered with accusations and counter-accusations, interrupted by shortly-lived attempts at reconciliation and at one point even a merger was considered. The plan fell flat on its face as the two countries found it impossible to put behind them years of mistrust and bloodshed.

Early this month, Syria suddenly announced it was closing its border with Iraq and called on Syrians living in Iraq to return home after accusing Baghdad of being behind a string of bombings in Syria. A few days later the Syrian government announced it was shutting down the Trans-Syria pipeline which carries Iraqi crude to the Mediterranean terminal at Banias in Northern Syria thus depriving Iraq of a badly-needed outlet for exporting its crude oil.

The scenario was reminiscent of 1977 when Syria took similar steps to punish Iraq for what it saw as Iraqi involvement in a series of incendiary bomb explosions in the Syrian capital, Damascus.

Shortly before announcing the closure of the border, Syria had produced what it described as evidence of Iraqi involvement in bombings in Damascus and on an Iraqi citizen was interviewed on television and confessed to have helped smuggle arms to members of the Moslem Brotherhood organization which the Syrian government blames for a series of bombings and assassinations of Syrian officials. Syria also accused Iraq of instigating the recent disturbances in the city of Hama and has charged moslem fundamentalists are trained and armed by Iraq.

A brief respite in the sabre-rattling between the two came shortly after the Egyptian-Israeli peace plan began to take shape. Syria and Iraq saw the need to form what was described as a united "northern front" against

Israel and merger talks were initiated in January 1979. Soon afterwards, and before the plan could be put into effect, Iraq accused Syria of involvement in an attempted coup and relations again deteriorated.

Syria and Iraq are ruled by rival factions of the Socialist Baath party and it is basically the ideological differences between the two that has led to their political rivalry. The Baath is the only pan-Arab movement in the Middle East dedicated to Arab unity under Socialism.

However, the ascension to power of Saddam Hussein in Baghdad, who aspired to become the Pan-Arab leader to succeed the late Gamal Abdel Nasser, brought the Iraqi leader into a race for power with the powerful Hafez Assad who sees himself as the leader of the only confrontation state with Israel and cherishes the role for himself.

Syria's recent rapprochement with Iran, with which Iraq has been at war for 18 months, and Assad's open support for the Persian state, has increased tension between the two.

If it significant that the shut-down of the 500-kilometer pipeline came shortly after Syria concluded a barter agreement with Iran whereby Iran would provide Syria with 8.7 million tons of crude oil annually for a period of ten years in return for Syrian phosphates.

Iraq, whose oil industry has been badly damaged by the 18-month-old war, now only has one outlet for its crude oil, mainly the trans-Turkey pipeline which carries crude oil from Iraq's northern Kirkuk oil fields to Mediterranean refineries in Western Turkey. But the Turkish pipeline only has a capacity of 250,000 barrels a day and has repeatedly been sabotaged by Kurdish insurgents.

Iraq was pumping an average of 300,000 barrels a day to Baniyas and Lebanon's northern port of Tripoli since the pipeline was reactivated last January. Iraq's main shipping terminals at the tip of the Persian Gulf have been repeatedly bombed by Iranian forces. Iraq is currently believed to be exporting less than one million barrels of oil a day, a sharp drop from its pre-war average of 3.2 million barrels.

Syria stands to lose an estimated 25 million U.S. dollars a year in transit fees for Iraqi crude passing through Syria. Iraqi oil minister Tayeh Abdul-Karim said later that the closure would cost Syria and Lebanon more than 150 million dollars in lost crude transit royalties, of which Syria took 85 percent. He said Syria had taken the decision because of its agreement with Iran to strike against Iraq's economic interests.

In Baghdad, the government-controlled AL-THAWRA newspaper denounced the Syrian leadership as "Zionist agents" intent on continuing their "acts of sabotage of the Pan-Arab arena, disregarding the harm inflicted on Syrian and Lebanese interests as well as those of the Arab Gulf countries."

Disputes over transit fees between the two countries with Syria demanding more royalties has led to the closure of the pipeline several times in the past.

Syria has pointed similar accusations against Baghdad and charged the Iraqi leadership launched its war against Iran on orders from the United States in order to weaken Arab ranks. The charge is ironical especially after the Western media reported that Israel had been supplying Iran with spare parts for its U.S.-made weapons.

Syria has now confiscated some 1.5 million barrels of Iraqi crude oil which had been stored in tankfields in Banias. Syria normally keeps large stores of crude oil as a military precaution in case of a renewed war with Israel.

The closure of the pipeline has put new pressures on Iraq's already war-weary economy. Hussein, in a speech later asked Iraqis to brace themselves for economic hardships. He has already tightened the reins [as published] on economic development projects and economic analysts believe that Iraq's recent dependence on Arab aid to keep up the war effort will have serious repercussions when the time comes to pay the debts.

Worried about the possible repercussions on the Arab arena, Kuwait sent a special envoy to Damascus to try to ease the tension between Iraq and Syria. Conservative Arab regimes have been worried that an Iranian victory in the war may strengthen the position of Iran's Islamic leaders who have threatened to export their revolution to neighboring Arab states.

Informed sources in Kuwait and Beirut said Kuwait would try to persuade Syria to reopen its borders and the pipeline and allow the transit of goods and traffic.

The same day the Kuwaiti envoy arrived in Damascus, Iraq announced that Syrian jets had violated Iraqi airspace four times in two days. A spokesman for the Iraqi government said this was part of a Syrian design to escalate tension between the two Arab countries and "push Iraq into a lateral battle" away from its war with Iran. Syria denied the charge and said the Iraqi allegations were a "complete fabrication."

Last year Iraq had accused Syria of allowing Iranian war planes to refuel or base in Syrian airfields for attacks against Iraq. But the accusations were never proved although there was a report in a British newspaper, the DAILY MAIL, last April that Syrian Mig-23 fighters were flying on combat missions with Iranian fighter-bombers against targets in Iraq.

Meanwhile, Saudi Arabia, which has always tried to play a moderating role in the divided Arab world, warned that escalating Arab tensions could allow Israel to inflict "a catastrophic blow which may destroy the Arabs this time."

CSO: 4400/248

INTER-ARAB AFFAIRS

FUTURE COOPERATION BETWEEN TWO YEMENS UNLIKELY

Rabat AL-'ALAM in Arabic 3 Apr 82 p 3

[Article: "Disputes Between Two Parts of Yemen Cover All Political Positions"]

[Text] While Gulf newspapers are printing statements by North Yemeni President 'Ali Abdullah Salih that during the past few years union between the two parts of Yemen has moved from the stage of slogans and hopes to the stage of application, National Front [NDF] sources are announcing the resumption of fighting between its forces and those of the San'a government in North Yemen.

Because the front has close relations with the Aden government, does this mean that the unification process is experiencing another crisis and why?

The North Yemeni President, 'Ali Abdullah Salih, had scarcely returned to Sen'a from his Arab tour when the opposition NDF sources announced the resumption of fighting in the al-Bayda' region.

According to sources of the South Yemeni-backed front, the Yemeni air force had taken part in bombing the military positions of the front's forces and that both sides had suffered heavy casualties.

If the reports of these clashes are true, they raise more than one big question mark because after the understanding reached between the Yemeni presidents, 'Ali Abdullah Salih and 'Ali Nasir Muhammad on proceeding with the unification process, the front had backed away from armed action and had rebuilt bridges with the San'a government, even to the point that there were substantial reports about a possible formation of a new national union government in North Yemen.

Given this understanding, the joint committee had completed the laying out of a draft constitution for the proposed union between the two parts of Yemen. The draft included 13 articles, the most important provision being that Islam would be the religion of the unified state and that San'a would be the capital.

Will the Two Presidents Meet?

The two presidents would have to meet to approve this draft first before it was put to a plebiscite and it would also have to be approved by the legislative bodies in Aden and San'a. Presidents 'Ali Abdullah Salih and 'Ali Nasir Muhammad met for the last time last December and are scheduled to meet again before the end of June in accordance with the political and economic cooperation agreement that stipulates that bilateral summit conferences are to be held regularly, at least once every 6 months.

However, it is now feared that this meeting will not be held and that the resumption of fighting between the forces of North Yemen and the NDF is a new indication of a dramatic downturn in relations between San'a and Aden.

Col 'Ali Abdullah Salih earlier expressed a belief that there would be no union during the next 10 years. This is attributable to the fundamental difference in the systems of government in San'a and Aden since the regime in San'a is Islamic while in Aden it is Marxist.

While San'a talks of the need to achieve an Islamic society in the unified state, Aden says, according to Abdullah Ghanim, head of its delegation to the talks for drafting the joint constitution, that the objective is to work to achieve comprehensive development of the society so that it can be built on socialist relations. At the same time, there are other serious differences that have begun to emerge. South Yemen is linked with the Soviet Union by a 20-year treaty of friendship and cooperation. When President 'Ali Abdullah Salih visited Moscow, he rejected the idea of concluding a treaty of this sort.

On the Arab level, the differences between San'a and Aden show up prominently in two things:

The first is that the Government of North Yemen supports Iraq in the war it is fighting against Iran. In supporting Baghdad, Col 'Ali Abdullah Salih has gone so far as to send Yemeni volunteers to fight beside the Iraqi troops on the front. When he visited Baghdad he reviewed the detachments of Yemeni volunteers with President Saddam Husayn and gave a rousing speech to them, urging them toward "the holy way in defense of Arabism and Islam." Aden supports Iran politically. The second thing is that during his Arab tour, Col 'Ali Abdullah Salih visited the Sultanate of Oman and held friendly talks with Sultan Qabus. It is well-known that things between Muscat and Aden have caused sharp feelings. The information media campaigns between them are at their peak and last month their common border saw a state of military alert. The mediation by Kuwait and the UAE has so far been a failure. Aden accuses Muscat of having thrown itself into the arms of the United States by letting the American Rapid Deployment Force open bases and military facilities in Ra's Musandam and the Island of Masirah. Muscat responds by charging Aden with

having become a Soviet puppet through the treaty of friendship and cooperation and through the bases and facilities granted to Soviet forces in the port of Aden itself.

The Sultanate of Oman feels that it is between the hammer of Iran to the east and the anvil of South Yemen to the west and uses this feeling as a basis to justify its cooperation with the United States and with Egypt. President Husni Mubarak also made a visit to the Sultanate of Oman last month. In addition, the Sultanate's forces participated in the military maneuvers held by the Rapid Deployment Force in the Arab Gulf and the Arabian Sea.

Joining the Cooperation Council

The Sultanate primarily depends on the Gulf Cooperation Council [GCC] of which it is a member along with Saudi Arabia, Kuwait, Qatar, Bahrain and the UAE. Col 'Ali Abdullah Salih visited all these Gulf countries during his tour and this gave rise to the impression that he might want to join the council even though Yemen is not a Gulf country.

San'a supports the initiative of Saudi Crown Prince Fahd Ibn 'Abd-al-'Aziz in his initiative on the plan to solve the Middle East crisis. The North Yemeni president renewed his support for this initiative during his recent visit to Saudi Arabia.

San'a exploited the opportunity of the huge military campaign which the Ethiopian forces launched against the Eritrean rebels to criticize Col Mengistu Haile-Maryam and his policy. San'a's position was strengthened by the fact that the Arab League adopted the same position toward the Addis Ababa government and called upon it to halt its military operations at once.

Given this, it does not appear that there is not one fundamental common denominator between San'a and Aden, whether with regard to domestic issues involving the system of government or regional Arab issues or even with regard to relations with the East and West.

The truth is that both San'a and Aden urge and believe in union but each wants it on its own terms.

8389

CSO: 4404/436

EFFORTS TO END QATAR-BAHRAIN DISPUTE DISCUSSED

Paris AL-MUSTAQBAL in Arabic No 264, 13 Mar 82 p 32

[Article by Sulayman Nimr: "After the Qatar-Bahrain Dispute Flared Up, Gulf Solidarity Met its First Test"]

[Text] A meeting of the ministerial council of the Gulf Cooperation Council [GCC] was scheduled to be held last Sunday, to evaluate the political situation in the area and in the Arab World, and to consider the decisions agreed upon by the Gulf ministers of defense, finance and oil in meetings that they held during the past 2 months in Riyadh. Suddenly, 4 days before the third session was to be held of the GCC foreign ministers' council, the dispute between Qatar and Bahrain over the Hawar islands resurfaced. This was caused by the government of Qatar issuing a statement protesting Bahrain's naming one of its warships the "Hawar," as well as protesting the military maneuvers that Bahrain carried out in the Mashad al-Daybal area. This is the area that Qatar says still has disputed sovereignty.

Some of those who have followed this crisis said that the problem has begun to obstruct the course of cooperation, which for the past year the people of the Gulf have been pursuing.

Therefore, it was not strange that the Qatari-Bahraini dispute would dominate the GCC meetings that were held in Riyadh the first part of last week.

Despite the fact that the Qatari minister of state for foreign affairs, Shaykh Ahmad Ibn Sayf Al Thani, embraced his Bahraini counterpart, Shaykh Myhammad Ibn Mubarak Al Khalifah, and sat beside him prior to the opening of the first session of the Gulf ministers meetings, the dispute between the two countries cast its gloom over the atmosphere. Therefore, the six Arab Gulf foreign ministers were anxious to discuss this dispute before anything else, before it had repercussions on the subjects for which the foreign ministers had met to discuss.

The Saudi foreign minister, Prince Sa'ud al-Faysal, who chaired the meetings, did his best along with the rest of the ministers to obtain an agreement between Manamah and Doha not to escalate the situation, or rather, on the need to restore matters between the two countries to their normal state, preparatory to dealing with this dispute. The Bahraini foreign minister

agreed completely with that and emphasized that no dispute over the Hawar islands existed. He repeatedly indicated to AL-MUSTAQBAL, during the meetings, that "there is no dispute. Everything can be resolved through a dialogue among brothers."

The Qatari minister of state for foreign affairs stated during the meetings, as AL-MUSTAQBAL has learned and now summarizes, that "since 1938 when the difficulty began between Bahrain and Qatar over the Hawar islands, following Britain's issuance of a decree giving the Hawar islands to Bahrain, for the purpose of creating a problem between the two countries, the government of Qatar has been anxious to calm down matters in order that reasonable men might intervene and resolve this problem. Qatar accepted arbitration in the days of British control, and accepted Saudi mediation following independence in 1971. It has not escalated the dispute, despite the fact that the Hawar islands, both geographically and historically, should be under Qatari sovereignty, since the islands are a natural extension of the Qatari peninsula. During flood periods, water covers them, while normally it is possible to walk to them from Qatar on foot. They are only a mile from the Qatari peninsula, whereas they are 18 miles from Bahrain. Qatar has not escalated this dispute, out of hope that it could be resolved by dialogue and agreement. However, so far nothing has been achieved. The Hawar islands are still under Bahrain's control. Therefore, the problem has not been solved. Qatar wants to solve this dispute on the basis of restoring Qatari sovereignty over the Hawar islands. It wants the solution to be by the GCC. Restoring matters to their natural state between Qatar and Bahrain means solving this dispute. Not resolving it will keep matters abnormal."

Shakh Muhammad Ibn Mubarak, the foreign minister of Bahrain, reiterated that his country did not want to have a dispute between it and Qatar over the Hawar islands. Everything was done a long time ago. Then, several Gulf foreign ministers spoke, emphasizing that so long as there was a desire to settle this dispute through the GCC, the people of the house, i.e., the GCC, would work to resolve it, that it was important that this dispute not affect the course of cooperation among the Gulf people, and that it was necessary to reach an agreement on restoring the natural situation between the two countries to what it was previously and end the crisis that has flared up.

The Qatari minister of state for foreign affairs repeated that Qatar would never work against ending the crisis, but that it wanted a solution to this matter.

After this statement, one of the ministers requested that the conference discuss the basic matters that were on the agenda, while a solution to this crisis was being worked out through lateral contacts. The ministers left this matter and adjourned their second session on Monday. Immediately after that, Prince Sa'ud al-Faysal stated that "the ministers reviewed, first of all, the situation between Bahrain and Qatar. Agreement was reached to resolve this dispute through the GCC."

During the third session held by the Gulf foreign ministers on Monday afternoon, discussions were held on the matters on the agenda. During this session, the

ministers discussed the reports and decisions reached by the meetings of the defense, finance, oil and interior ministers. There was complete agreement on these decisions.

The study prepared by the defense ministers regarding ways of military cooperations among the six Gulf states was reviewed by the ministers. They decided to submit it to the third Gulf summit, scheduled to be held in Bahrain next November. The ministers also reviewed the report of the GCC's military mission that visited Bahrain last month. This report pertains to Oman's military requirements in order to ensure its self-defense.

While the ministers were engrossed in studying the agenda matters, the Saudi capital was in contact with both Doha and Manamah, in order to reach a quick solution to the Qatar-Bahrain crisis, and an agreement to it before the foreign ministers' meeting. Observers noted that the Saudi monarch and his crown prince, Prince Fahd Ibn 'Abd al-'Aziz, met with the Qatari minister of state for foreign affairs for one-half hour immediately after the foreign ministers' reception for King Khalid last Monday evening.

It was learned that, during this meeting and during the contacts that were made with Doha and Manamah, the governments of Qatar and Bahrain were persuaded to accept the signing of an agreement between the two countries aimed at stopping the media campaigns against each other and at not resorting to provocation. In exchange, the "body for resolving disputes," as stipulated in the GCC charter, would assume responsibility to look into the dispute between the two countries. The foreign ministers agreed that Saudi Arabia should at once resume the efforts that it had made about 8 years ago on behalf of resolving this dispute.

At the press conference, which was held immediately after the conclusion of the foreign ministers meetings last Tuesday afternoon, Saudi Foreign Minister Sa'ud al-Faysal announced that an agreement had been signed between Qatar and Bahrain about how to deal with this dispute and end the recent crisis that had flared up, so that the GCC could ultimately look into the dispute and try to eliminate it. Prince Sa'ud al-Faysal made it clear that the ministers had requested Saudi Arabia to continue its efforts to find a basis for compromise between Qatar and Bahrain. That would be a bilateral effort, accompanying the main effort to solve the dispute by the GCC, through the "body for resolving disputes."

A Gulf official, who participated in the meetings, commented on this result that came out of the foreign ministers meetings to resolve the Qatari-Bahraini dispute, by saying that: "The GCC has been able to demonstrate that it is a suitable framework to solve disputes among its member nations. It has laws and its members must comply with them."

7005

CSO: 4404/385

PERSIAN GULF AFFAIRS

END TO GULF DISPUTES URGED

Paris AL-MUSTAQBAL in Arabic No 264, 13 Mar 82 p 32

[Article by Najib 'Abd al-Hadi: "The Gulf Flees From the Gunfire of War, Puts Itself in the Fire of War Over Oil"]

[Text] Political concerns in the Arab Gulf region are on the increase. Daily life is no longer peaceful and happy. The money that gushes out of the oil pipeline is no longer sufficient by itself to ward off the imminent dangers in this vital part of the Arab world, as well as a vital and important part of world economies and industries.

A senior Gulf official says: The region's concerns are no longer secret. It is no longer possible for Gulf diplomacy, no matter how capable it is, to conceal the views and to prevent the facts from reaching the people. It is the facts that contain most of the dangers.

The Gulf Cooperation Council [GCC] is aware of these concerns and understands the reasons and justifications for them, since it, up to this minute and including the recent meeting of its foreign ministers in Riyadh last week, has not set forth the principles capable of dispelling the dangers and their dimensions from the Gulf area.

The reason for that is the disparity in points of view regarding many of the political, economic and security matters which have not been resolved and which have not been clarified in a single specific position. Each of the six council states has its own point of view, its own political program and its own special economic position. This is true regarding internal security affairs and oil production, which forms the backbone of these nations' national economies. A state like Kuwait, for example, used to have a daily oil production of more than 3 million barrels. Several years ago, this production rate by governmental decree was reduced by half, in order to safeguard the country's underground wealth for future generations. Kuwait continued to maintain this production rate until it was forced, due to the increase of supply over demand, to reduce it to a minimum (500,000 barrels a day). Were it not for sales contracts signed with international oil companies like British Petroleum, Kuwait would be unable to sell even this small amount in the world market.

The senior Gulf official added: What was said about Kuwait can also be applied to both Qatar and the UAE. The harm stemming from forced reduction in production rates is not just economic, but is political as well, since it is well known that most of the GCC nations have an active and influential part to play in providing the funds required to support the confrontation states. They also participate in development projects in various Arab and African nations, and consequently, reduction in oil production will affect, in a definitely negative way, the national income of these nations, and the size of the assistance and loans that will be given to sisterly and friendly nations, not to mention the effects that the reduced production will have on the vital projects with the GCC nations themselves. It is sufficient for us to be aware that the first section of the Kuwaiti budget, which deals with salaries and wages, for fiscal year 1981-82 is set at KD12 billion. This amount is some KD400 million more than the amount allocated for installations and projects.

This is from the economic point of view. As for political concerns, they are represented by the independent judgements of each of the GCC nations. Each nation's views are independent of the other member nations. Oman for example, according to the Gulf official, "has political judgements that fundamentally and radically differ from some of the other member nations. The sultanate in its dialogues and discussions in various GCC meetings concentrates on the security and military aspects and gives them top priority. It demands that the GCC have 'claws and talons' capable of defense and warding off of perils. Therefore, Oman's concern with the economic aspects is secondary compared to its primary interest. It believes that a strong political and security situation will create a strong economy, especially since the basic factors for economic and financial strength are present. Perhaps the recent incident in Bahrain will make the Omani view of regional concerns acceptable and reasonable. The danger, especially since the start of the Iraqi-Iranian war, is no longer a regional danger; on the contrary, it is a danger that threatens the security and stability of the entire area. Accordingly, most of the GCC nations have hurried to sign security agreements among themselves. Note that these agreements would have been signed, even if Bahrain had not discovered the espionage plot that Iran had prepared against it." The official said that the continuation of the Iraqi-Iranian war would keep the specter of fear and danger over the area and close to its warm shores. Moreover, this continuation will make a large Arab state like Iraq be compelled to ask the Arab states, and especially the nations of the Gulf region, to take a clear position regarding the war, or rather, it might ask for a supportive position regarding its war with Iran. If Iraq officially does this, the political concerns in the area will increase in intensity.

In reply to a question about Saudi Arabia's recent move to reduce its daily production by a million barrels, to 7.5 million instead of 8.5 million barrels per day, the Gulf official said: "The Saudi step is encouraging and hopeful, but the rate of reduction is still less than what is desirable. The world petroleum market has a surplus of oil for sale, and because of this glut, the international oil companies refuse to buy oil from other nations. This changes oil from a noble authority into an unsaleable commodity until further notice."

The GCC nations' political concerns, as the Gulf official said, are now concentrated on the problem of Hawar Island between Qatar and Bahrain. This problem has been in existence for more than 30 years, but it took the members of the GCC by surprise, prior to the meeting of the ministerial council in Riyadh. This is an indicator that does not evoke much pleasure.

The senior Gulf official says that a reduction in Arab Gulf concerns cannot be achieved unless the following goals are achieved:

1. Put an end to the Iraqi-Iranian war
2. Agree on a unified oil policy, binding on each Gulf state, with respect to production and pricing
3. End the peripheral disputes among the GCC member nations
4. Draw up a mutual defense agreement that is not incompatible with the Arab mutual defense pact signed by the Arab League member nations.

The Gulf official says: "If we are unable to achieve these goals, our concerns will continue and will increase as the days go by. Moreover, the danger will also increase and multiply."

7005

CSO: 4404/385

COOPERATION MEASURES IN ALL FIELDS DISCUSSED

Al-Quwayz Talks About GCC

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 pp 34-35

[Interview with Dr 'Abdallah al-Quwayz, assistant secretary general for economic affairs of the Gulf Cooperation Council [GCC]: "The GCC Is the Culmination of Previous Efforts and the Beginning of a New Stage"; date and place not specified]

[Text] The Most Prominent Factors Leading the GCC to Quickly Take Steps: Uniformity of the Organizations, Elimination of Competing Economic Interests, Large Volume of Foreign Transfers [of Money], and Clarity of Political Administration.

Financial and Monetary Coordination Will Take Place, and So Will Standardization of Currency If This Proves Necessary.

A Joint Industrial Investment Authority and a Joint Foreign Investment Fund with \$3 Billion of Capital

High officials in the GCC nations agree about many things. The most important thing they agree about is that economic cooperation between the GCC nations is an option which, when chosen, leaves no room for hesitation or procrastination. One has only to see the series of ministerial meetings which has continued to go on in spite of the signing of the economic agreement, as well as the continual meetings of the committees and study groups, in order to realize the degree of seriousness with which the GCC nations view the matter of economic integration of their countries.

The following is an interview with the assistant secretary general for economic affairs in the GCC, Dr 'Abdallah al-Quwayz, and it clarifies the premises and objectives of economic cooperation between the Gulf countries as well as the stages which have been passed through so far. Dr al-Quwayz, by virtue of his position and daily practical experience as a leader [in the organization], is the person who has the best view of the affairs and problems of this matter.

The interview was as follows:

[Question] We have noticed that the GCC is moving at a rapid pace. How do you interpret this?

[Answer] The pace is rapid by virtue of the influence of two basic factors:

1. The rapid occurrence of events and rapid appearance of challenges concerning the Gulf area, and consequently the need to give an overall coordinated response to these challenges.
2. The existence of objective foundations for the creation of this cooperation--which hardly exist among any other group of neighboring nations. The Gulf nations are not only a single ethnic group and not only have common national traditions and a common national heritage. They also have similar economic and social circumstances and patterns of government. In this regard we are quite different from Europe. There you have deep-rooted national entities, and sometimes there is cultural and political conflict between them. Furthermore, the existing economic situation in each country is deeply rooted and represents great [vested] social interests which cannot be easily reconciled with each other. Proof of this are the difficult problems facing the Europeans in the scope of coordinating their agricultural policies and in their attempts to regulate some aspects of their importing or their industrial sectors. But in the Gulf area, not enough time has gone by for the emergence of a particular established situation in each country to have occurred. The group of Gulf nations is still in the stage of initial economic growth. There is no competition between the Gulf countries in the field of industry or agriculture. Furthermore, these countries have similar economic and monetary systems, all of which are based on the principle of a free economy. All of these given factors explain why it is easy to achieve economic and political cooperation [between the GCC nations] in all realms, and without fearing resistance on the part of certain [vested] interests and without fearing that they will be harmed. Among the circumstances of the Gulf nations, one of the factors which is helpful is the fact that the basic wealth [in each country] belongs to society as a whole and the state, as the caretaker of society, has the responsibility of spending this wealth. This, in practice, concentrates political and economic policy in the hands of one single group.

Of course, all of these helpful factors, in themselves, could not cause [the GCC nations] to cooperate with each other if it were not for the existence of two factors--a determined political desire on the part of the governments of the Gulf nations to achieve Gulf integration, and enthusiasm and belief on the part of the people of these nations that this can be accomplished. There is real interest on the part of the people, press, and leaders of political opinion in supporting this course of action, and they most certainly feel that it is necessary.

[Question] What are the most important steps expected to be carried out in the near future?

[Answer] After the ratification of the unified economic agreement by the GCC nations, efforts have now been concentrated on taking steps to implement the agreement. Not long ago the ministers of petroleum of the GCC nations met for the purpose of establishing principles which would guarantee coordination of the policies of the oil-producing member nations, especially concerning

the planning of petroleum industries in all fields and stages, coordination of the operations of production, pricing, utilization of natural gas, and development of [alternative] sources of energy, and [coordination in the fields of] transport and marketing. An attempt is being made to study the prices of petroleum products in the national markets. The purpose of this is to achieve a balance in the prices in order to eventually view them from a single standpoint and, consequently, guide and control consumption [of petroleum products]. There is also a committee to investigate the potential for petroleum industries in the Sultanate of Oman, and another committee for coordination of pricing policies and exchange of information between the national petroleum companies.

Recently also the ministers of industry from the Gulf nations met and decided to study approaches for standardizing industrial legislation in the member nations in order to prepare the way for unifying this legislation. At this meeting it was also decided to study the possibility of standardizing the specifications and units of measure used in the Gulf nations and to establish a joint industrial investment authority.

There was also a meeting of the ministers of finance, during which it was decided to establish a joint investment authority, having a capital of \$3 billion. The ministers also discussed the possibility of unifying the development funds in the member nations or [at least] developing coordination and cooperation between them. This coordination and cooperation would be the natural result of what has been stipulated by the economic agreement made by the GCC nations in the field of foreign aid.

The next stage will involve meetings to be held by Gulf ministers from other fields, including:

1. A meeting of the ministers of commerce in the GCC. At this meeting they will begin discussing ways of implementing efforts concerning the liberalization of commercial exchange between the member nations, standardization of customs tariffs applied with respect to foreign countries, coordination of policies designed to protect national industries, transit policies, and commercial relations with regional economic parties and blocs.
2. A meeting of the ministers of communications. This meeting will discuss linking the GCC nations by means of direct land routes and linking their ports by means of regular maritime and shipping lines.
3. A meeting of the ministers of planning. This meeting will be devoted to harmonizing development plans in the GCC member nations, particularly the coordination and standardization of laws and legislation having to do with investment and industry, the distribution of industries in accordance with the relative merits of each country, the encouragement of integration, and support for joint projects.

[Question] When will we see the completion of the work which is concerned with liberalizing commercial exchange and standardizing customs tariffs?

[Answer] There will be no difficulty in eliminating the customs duties which are levied on goods produced by GCC nations. This month a committee will be meeting for the purpose of dealing with this. The reason this will be easy to accomplish is the fact that there is relatively little commercial exchange between the GCC nations. Consequently [customs duties on goods circulating between GCC nations] do not constitute a source of great revenue for these nations. The agreement has established general rules and criteria for the process of liberalizing commercial exchange regarding agricultural products, animal products, and industrial products produced in any of the GCC nations.

With regard to customs duties on goods imported from outside the GCC nations, the agreement stipulates that they should be standardized during the next 5 years. However, I believe that we will achieve this objective before that deadline because most of the GCC member nations do not greatly depend on [the revenue from] the customs tariffs. A joint committee composed of people from the customs administrations [of the GCC nations] will soon be meeting in order to establish a time-frame for the standardization of customs tariffs.

[Question] With regard to currency matters, the agreement refers to "endeavors to standardize the currency." What can be expected to be accomplished in this field?

[Answer] The process of currency and banking coordination will not be difficult. Four of the currencies used by GCC nations (Saudi Arabia, the UAE, Bahrain, and Qatar) are linked by a basket of currencies with special drawing rights. A fifth nation (Kuwait) is linked by a basket of currencies, and the last one (Oman) is linked to the dollar. In general, and because of the free exchange system which is applied in all of these countries, monetary coordination will not constitute a problem. The question is, do we need or do we not need right now standardization in the realm of currency? There is little commerce between the GCC nations, and what commerce there is is the reexporting of goods. Of course, coordination is forthcoming, and it will take place in accordance with what has been provided for in the agreement, particularly with regard to standardization of investment laws, the establishment of joint policies in the field of investment, providing international aid, and increasing cooperation between monetary establishments.

[Question] Is the implementation of this cooperation confronted by any particular problems or obstacles?

[Answer] There are difficulties, as there are in any endeavor or in the course of any accomplishment. The most serious of these difficulties or obstacles is the problem of [a lack of] skills and expertise which are necessary for accomplishing the work done by the GCC organizations. According to the laws followed by the GCC, these qualified personnel and experts are supposed to be citizens of the GCC nations since their tasks are not technical ones, but rather are political in nature, as would be the case with the performance of a public function in any Gulf country. The fact is that the necessity to speedily take steps, implement the agreements, and take practical measures is challenging and pressuring [the GCC] to find qualified personnel, especially since the private sector usually attracts them.

The second problem which may prove to be an obstacle to us is the problem of bureaucracy. Bureaucracy tends to impose its habits and its slow approach to work. This, of course, must be eliminated in order to assure that the steps of cooperation to be taken proceed at the pace which we are hoping for.

[Question] Do you, as an organization of the GCC, have a particular plan or projects for the next phase?

[Answer] Many studies are now being completed and discussed. Among the most important of these studies are a study concerning industrial laws in the Gulf nations, a study dealing with incentives to be provided to encourage the production of national products, a study concerning standardization of specifications, a survey of raw materials and semi-finished materials, and a study concerning investment laws. Furthermore, we have seen the completion of a study which deals with the establishment of an information bank for the GCC nations.

[Question] Steps to achieve Gulf economic cooperation have already actually been taken, and on more than one level. Is the GCC a means of supplementing these steps or coordinating them, or does it represent the beginning of a new phase?

[Answer] Of course, the GCC cannot ignore previous experience. In fact, we must seek to benefit from all of the facts which have been demonstrated by this experience. But it must nevertheless be said that the establishment of the GCC and the work which it undertakes actually constitutes the beginning of a new phase of cooperation--a beginning, all the initial indications of which lead us to believe that this Gulf unity will, God willing, be a successful endeavor.

Gulf Economic Agreement Discussed

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 pp 36-38

[Article by Muhammad Hisham Khawajakiyah]

[Text] The Executive Apparatus Will Be Governed by the Agreement

The Agreement Concentrates on Commercial Exchange Rather Than Production.

The Agreement Could Cause Duplication of Existing Organizations.

The Agreement Does Not Deal With Arbitration Cases and Disputes.

On 7 November 1981 the GCC foreign ministers' conference in Riyadh approved the GCC unified economic agreement. Then the agreement was ratified by the leaders of the GCC nations on 11 November 1981. The agreement will be in effect 4 months after the date of its final ratification by the GCC Supreme Council.

The agreement stipulates the following:

1. Freedom of exchange of agricultural, industrial, animal, and natural resource products of national origin among the member nations.
2. The establishment of a standard customs tariff for imports into these nations from foreign [non-GCC] nations for the purpose of protecting national products, provided that this standardized customs tariff is applied gradually during the course of 5 years.
3. The granting of freedom of movement, employment, and residence to citizens of the member nations.
4. The freedom to pursue business activities.
5. Freedom of movement for capital.

In order that the above-mentioned objectives be achieved, the agreement has stipulated the coordination of trade, industrial, and social policies.

The agreement has also stipulated coordination and standardization of laws and regulations having to do with investment. The purpose of this is to achieve the establishment of a joint investment policy.

Finally, the agreement stipulates coordination of financial, monetary, and banking policies for the purpose of arriving at the stage of standardization of currency, and the agreement also stipulates coordination of both regional and international foreign aid policies.

The GCC member nations have established a GCC secretariat general as the executive body for the agreement.

One notices from the above-mentioned provisions that the objective of the agreement is to establish overall economic integration among the member nations. Thus this agreement has gone beyond all previous attempts to establish economic cooperation or coordination among the Gulf nations.

Executive Policies

In order to achieve the above, the GCC Secretariat General is expected to operate on two levels--the ministerial councils, and the technical committees which they themselves establish.

1. The ministerial councils. These councils are composed of the special ministers from the GCC nations. The ministers of finance from the GCC nations have established a work plan in the field of finance and have decided, as a first step, to establish a joint Gulf investment organization which will undertake joint investments both inside and outside the member nations. The ministers of petroleum have decided to formulate a unified petroleum strategy for the GCC nations, and have decided to coordinate the policies of the member nations with regard to all phases of the petroleum industry. It was also decided to transform the conference of petroleum ministers into a specialized committee which will meet twice a year in order to coordinate and unify petroleum strategies and policies among the GCC nations for the purpose of creating a unified policy in the realm of petroleum and petroleum policy. Another objective is to have the GCC nations take joint positions when dealing with the rest of the world, when in specialized international organizations, and when entering into trade negotiations with the industrial countries, whether individually or as a group, in order to bring about organized trade relations and obtain trade benefits. The ministers also agreed to unify their positions taken in OAPC with regard to essential issues, especially concerning joint projects, the entry of new members, and modifications of the charter.

2. The technical committees. The secretariat general has established the Industrial Cooperation Committee which has decided to set up an information and industrial consultation bank. The purpose of this is to help furnish data and gather information which would enable the creation of an integral industrial base among the GCC nations. It was also decided to form a permanent technical committee composed of people from the national petroleum companies and from the member nations. The committee will hold regular meetings for the purpose of coordinating prices, studying the markets, and exchanging information, and the regular reports dealing with these matters will be sent on to the Permanent Ministerial Committee for Petroleum Cooperation.

Assessment of the Objectives and Policies

The following appears to be clear from the provisions of the agreement and from the policies followed up till now as far as implementation is concerned:

1. The executive body which has been entrusted with implementing the economic agreement does not constitute an independent entity, its powers and authority have not been determined, and it has not been shown how capable the body is of making and implementing decisions and how much legislative force there is behind its decisions. Furthermore, most of the executive bodies and even some of the technical committees, unlike the secretariat general, are composed of a group of executive ministers from the member nations. This means that the GCC's independence of the member nations is still a wish which has not been fulfilled.

2. The agreement concentrates on freedom of commercial exchange as well as freedom of movement of factors of production such as labor and capital as a primary means of achieving economic integration, as in the case of the nations of Western Europe, in spite of the fact that the circumstances and

situations in the Gulf nations differ from those in the nations of Western Europe. The latter nations, after rebuilding their economies which had been destroyed by the war, were not concerned with creating a production apparatus and building up their economies by means of a process of integration because they already actually had an existing production apparatus. Their problem was how to keep this apparatus in operation by means of opening up large markets for their products and to thus assure the continuation of the growth and prosperity of this production apparatus. But as far as the Gulf nations are concerned, their principal problem is that they have no broad industrial base and consequently no diversified production for which they could think about securing large markets by means of liberalizing commercial exchange among themselves. In fact, even the principal markets of the petrochemical industries, which exist on a large scale in the GCC nations, are outside the Gulf area rather than inside this area. Furthermore, the principal problem faced by these nations is how to diversify their sources of national income and create an industrial production base which could take the place of oil which is depleting as a source of national income. Thus the task of these nations is to be concerned with production more than commercial exchange, because if we concentrated on commercial exchange and freed commerce of the small customs fees which are currently imposed on imports and which, on the average, are only between 4 and 6 percent in these nations, the flow of commercial exchange which would result would be very limited and would not be able to play an important role in bringing the production structures of the economies of these nations closer together. For this reason, although it is important to be concerned with the principle of free commercial exchange and to create a unified customs zone among the GCC nations, this alone is not enough and it is necessary that it be accompanied by great emphasis on issues dealing with production and marketing products from the Gulf nations. In addition to this, there must be concern with issues closely related to production and concern about maintenance, technology transfer, and the development of local personnel with skills and expertise.

3. The GCC Secretariat General has endeavored to establish some new organizations to support the joint work being done and to help achieve the objectives of the agreement--such as an information bank and a joint Gulf investment organization. These proposed bodies are important and necessary for the process of achieving integration, but the issue at hand is the fact that there already exist such bodies which are attempting to achieve the same objectives which have been entrusted to the new organizations, and it is feared that, in the end, these latter organizations will represent merely an unjustified duplication of what already actually exists. The Gulf Industrial Consultation Organization has already had an information bank for 5 years, and it has accumulated useful experience in this field. The Gulf International Bank has been working in the field of joint investments since 1975, and it also has accumulated valuable experience in the field of investment. So if we want to avoid duplication when creating various bodies so that we do not end up engaging in an unjustifiable waste of time, effort, and money.

4. The GCC agreement makes no reference to issues dealing with arbitration and solving conflicts which could arise due to the application of the agreement concerning Gulf economic integration among the member states. In spite of the fact that all of the GCC nations are sincerely interested in achieving total integration among themselves, proceeding along this path will not be devoid of difficulties and obstacles. There are differences in the interests of the various social and production groups in these nations and there are differences in points of view concerning some of the issues being brought up, and this will, in fact, make it necessary to clearly determine an approach toward solving these conflicts. It will also require the creation of specialized bodies to review these conflicts, such as a GCC arbitration committee or regional court. The loyalty of such an arbitration committee or regional court should be to the cause of integration and it should have the right to render judgments concerning conflicts which might arise due to the application of the agreement.

There really has emerged the need to create an apparatus of this kind as soon as possible. In the UAE a decision has been issued which stipulates that commercial agencies be only in the hands of citizens of the UAE. All people having commercial agencies who are not citizens of the UAE, no matter what their nationality is (and this includes citizens of the GCC nations), must turn the agencies in their possession over to citizens of the UAE. In spite of the sound national and economic motives for such a decision, especially if we realize that 80 percent of the shares of production companies in the UAE are in the hands of non-UAE citizens, this decision is nevertheless a violation of the agreement which these nations have signed.

This phenomenon may occur in other Gulf countries either now or in the near future. There is no sense in the GCC making decisions if they do not come to be applied in practice. This necessitates the creation of an appropriate solution for this problem, and for other problems which might arise, on a realistic and carefully thought-out basis which would reconcile the national interests of each Gulf nation with the collective interest of the GCC nations. The GCC Secretariat General's capability of dealing with such difficulties which are an obstacle to the path of Gulf economic integration is what will determine whether or not it will be possible to proceed to achieve the objectives of the agreement and is what will decide the GCC's degree of authority and capability of achieving the objectives of the integration agreement and proceeding to achieve the aspirations which people have which depend upon the success of this agreement.

Oil and the Strategy of Gulf Integration

Since the petroleum sector is the leading sector in these nations in view of its contribution toward their national production or in view of its importance with regard to their government exports or public revenues, emphasizing integration efforts in this sector might be the most important step toward Gulf economic integration. However, this does not mean that it is not necessary to engage in joint endeavors in other fields, especially those dealing with commerce and trade. But the key to the process of economic integration in the area is to give priority in integration efforts to the petroleum sector and the petroleum industries.

Since oil and petroleum products are mostly exported to places outside the area, the process of integration must go beyond the issue of liberalizing commercial exchange when dealing with petroleum or petroleum products and concern something which is more important than this, that is, the adoption of collective policies--whether during the phase of production, transport, marketing, industrial processing, or storage.

One may hear it said that sector integration in the field of petroleum already exists among these nations through OPEC which attempts to adopt collective production policies, coordinate and unify the petroleum policies of its member nations, and determine the best means of protecting their interests, both as individual nations and as a group. OPEC does this in order that these nations be able to control their petroleum resources, whether during the phase of production, transport, marketing, or industrial processing. Also, cooperation among these nations exists by virtue of the organization OAPEC which endeavors to take steps which guarantee the coordination of the economic petroleum policies of its member nations and also endeavors to profit from the joint resources and potential of these member nations when establishing joint projects in various fields of activity in the petroleum industry. However, these organizations are not able to proceed with steps of cooperation between these nations in the direction of a federated structure which would be able to independently exercise the functions entrusted to it and be free of control by the [governments of the] nations which constitute the membership of these organizations.

Consequently, the basic weakness in the structure of these organizations derives from their lack of authority and the fact that they were not intended to be independent. Such independence is what has provided the six-member Western European group with the means of development in the direction of a federated structure. Also, it was the lack of independence in the case of CEMA which caused that organization to falter and not be able to develop in the direction of achieving a federation. Thus if one is serious about the matter of economic integration, one must think about creating apparatuses which are capable of making and implementing decisions--without having to refer back to the [governments of the] nations concerned in order to obtain their approval concerning every decision which they make. That is, these bodies must enjoy actual independence when engaging in their tasks, without having to wait and receive instructions from the governments of the nations involved concerning every important or inimportant issue which is brought up. Furthermore, the [governments of the] nations must commit themselves not to influence these bodies when they are performing their duties. In view of the fact that these nations totally depend upon the petroleum sector, it is unlikely at this time that they will grant the above-mentioned authority and powers to a federated [pan-Gulf] body. Although this may be impossible at the present time, it is nevertheless necessary to plan policies which are capable of achieving this objective in the foreseeable future--in order that the efforts being made by the ministers of petroleum in this direction not be a repetition or duplication of what actually already exists.

Responsibilities of the Secretariat General

From the above-mentioned it is clear that the GCC Secretariat General has great responsibilities. First of all, the secretariat general has to provide permanently-employed officials and experts who are known to possess long experience, a high level of technical expertise, and a broad overall view which enable them to benefit from the experience others have had in the field of economic integration--experience which is no less than their own experience--and which enable them to be able to distinguish between what is useful and what is not so useful and what is possible and what is less possible. They must be able to distinguish what is useful and possible on a realistic phase-oriented basis which will commit politicians to measures which they cannot reject or water down the essence or contents of as long as they have been sufficiently well planned and have been proven to be effective in serving society. The secretariat general also has the job of gradually forming the councils and agencies in which the member nations will be represented on the highest levels. These councils and agencies will have the right to pass legislation within a system of voting which will be semi-unanimous, but which will prevent a small minority of countries from taking it upon themselves to adopt positions which prove to be an obstacle to the path of cooperation.

The secretariat general's efforts to implement the objectives of the agreement will be supported by a number of factors. One of these factors is that the political administration which deals with this cooperation actually does exist. It will be the responsibility of the secretariat general to propose methods of cooperation which will guarantee insuring the interests of Gulf society as a whole and the interests of each individual nation in the GCC, and it will be the secretariat general's responsibility to strike a balance between the relative importance of all political and economic considerations, particularly since they are linked to a large degree. For example, the economic situations in the member nations are very similar to each other, and their problems are nearly the same. This, in turn, will facilitate the work of the GCC and will help it to consolidate the path toward overall economic integration. And finally, a considerable number of Gulf agreements, institutions, and organizations already exist which have acquired useful experience which the GCC will be able to benefit from when consolidating the direction it will be taking, especially during its initial stages.

Financial Unification Discussed

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 pp 39-41

[Article by Dr Ziyad al-Taqi*: "Financial Unification Is Under GCC Supervision"]

[Text] This study attempts to shed some light on the financial aspects of the GCC, to review the steps which have been taken so far, and to show what steps are appropriate to be taken in the near future.

*This study was submitted by Dr Ziyad al-Taqi (executive director of the National Bank of Kuwait). The opinions and ideas brought up in this study are the author's personal views and do not necessarily reflect the views of the National Bank of Kuwait.

Broad Objectives

In the field of finance, Section 7 in the agreement stipulates that the member nations endeavor to coordinate their tax and financial policies as well as their central bank policies. This part of the agreement also stipulates that there be more cooperation between the various central banks and financial councils and that efforts be made in the direction of unifying the Gulf currencies as a step toward merging the Gulf nations' economies. The member nations are to coordinate matters among themselves concerning the field of foreign investments and aid for development.

Economic and Financial Power

The latest statistics indicate that the gross domestic product of the six GCC nations in 1981 was as follows: Saudi Arabia, \$111 billion; Kuwait, \$27 billion; the UAE, \$15 billion; Oman, \$5 billion; Qatar, \$5 billion; and Bahrain, \$2.5 billion. By the end of 1980 the estimated total population of the GCC member nations was 12.5 million. Total financial assets of these countries, by the middle of 1981, amounted to \$122.6 billion. This includes the total value of foreign assets belonging to the monetary authorities, and does not include the other foreign assets of the governments concerned. Saudi Arabia's total foreign assets, by the end of 1981, were estimated at \$75 billion. The return on the investments of these assets, by the end of 1981, totalled \$17 billion for Saudi Arabia and \$8 billion for Kuwait.

Total crude oil production by the GCC member nations is nearly 11.5 million barrels a day, the value of which is approximately \$400 million and which constitutes about 50 percent of OPEC's total production. Oman and Bahrain are the two member nations which have the smallest reserves of oil and oil revenues. As for the GCC nations' share of the world's total crude oil production, these six nations produce approximately one-fourth of the production of the non-communist nations of the world.

The Arab Gulf nations share a number of common characteristics which could be the basis of having them merge. These characteristics include language, culture, religion, history, and systems of government. From the economic point of view, these nations share common factors which could help to merge them economically, such as the similarity between their economic systems which are based on petroleum as a basic commodity for export and which accounts for the greater part of their export revenues and government income. Most of these countries' economic systems depend upon imported goods. Some of them, though, are gradually changing by virtue of efforts to modify the current economic pattern and by virtue of development plans which are basically being financed by the private sector. Most of these economic systems depend upon an imported labor force because of these countries' sparse population.

The above-mentioned social and economic factors have provided an incentive for these nations to unite and form a regional bloc based on a single structure which would be homogeneous in principle like the European Common Market.

Unification on the Financial Level

In the financial sector there have been a number of successful accomplishments, but there also have been efforts which have brought disappointing results.

Here is the picture with regard to financial institutions:

There have been successful efforts to establish a number of joint financial institutions both by the public sector and by virtue of initiatives undertaken in the private sector. On the government level, the first effort in this regard was made in 1975 when seven nations, some of which were Gulf nations, established the Gulf International Bank with an estimated capital of \$70 million. Recently this capital has gone up to \$265 million. Also, the governments of Kuwait, Abu Dhabi, and Libya established another organization called the Arab Banking Corporation, with authorized capital estimated at \$1 billion, of which \$750 million has been paid in. Both organizations have their headquarters in Bahrain, and they have engaged in important business activities in both the regional and international financial markets.

The private [as published] sector has played a more significant role in the establishment of various types of financial institutions which have been active on the regional level. The National Bank of Dubai and the Bank of Bahrain and Kuwait were among the first such institutions. Nevertheless, a number of banking institutions have emerged in the Gulf area which have been established by private sectors. They operate in Bahrain or in the UAE, and serve the whole region. The majority ownership of some of these institutions is in the hands of Kuwaiti and Saudi businessmen, and their shares are exchanged unofficially in financial markets in those nations.

Monetary Regulation and Standardization

The subject of monetary regulation and standardization among the Gulf nations could be divided into two parts, which are linked from the point of view of the tasks involved:

1. Standardization in financial regulations and laws, including the exchange rate, the law of finance and lending, and financial and tax policies.
2. The issuing of a standard Gulf currency. There have already been several attempts to establish a monetary union, but they were not successful. In 1974 there was an attempt to issue a standard Gulf currency backed by petroleum reserves, but this plan was given up in favor of initially establishing a common computational unit. In 1976 there was another attempt by Kuwait, Qatar, the UAE, and Bahrain (with Saudi Arabia and Oman playing the role of observers) to issue a Gulf dinar and to establish a joint central bank. This attempt failed as a result of differences in points of view concerning the choice of a monetary standard and concerning collecting the reserves.

In 1976 an agreement was reached between the UAE and Bahrain to reorganize their currencies and make them exchangeable at the same rate. But this agreement was not in effect long because of revaluation of the currencies in relation to each other.

Another Attempt Using a New Concept

The obstacles which have been in the way of carrying out the above-mentioned attempts have made GCC officials feel that it is necessary to adopt new concepts, supported this time by a strong desire to work and achieve something.

Details concerning the nature of the steps which will be taken have not been made public. But what the members of the GCC intend to undertake at this stage is the following:

1. As an initial step, they intend to unify their financial regulation policy. GCC members will be monitoring developments in the financial markets in order to keep them well insulated from disturbing factors from other countries and in order to make the exchange rates keep pace with interest rates.
2. On the regulatory level, the governors of the central banks will begin to standardize the various banking criteria and regulations as well as steps of supervision.
3. The above-mentioned steps are necessary in order to eliminate inconsistencies in the measures currently being taken in [financial] administration and dealing with financial regulations.
4. The important development which indicates the beginning of mutual understanding is the agreement to establish the Gulf Investment Corporation which will be tantamount to an investment fund for the financial surpluses of the member nations.

As we have already mentioned, the GCC nations receive revenues of \$400 million every day from the sales of oil. Oil revenues in 1981 were estimated at about \$125 billion, of which \$38 billion were surpluses. During 1980 oil revenues totalled nearly \$147 billion, with a surplus of \$31 billion. In fact, recently an announcement was made concerning the formation of the Gulf Investment Corporation, with an estimated capital of \$3 billion, and it is being left up to the ministers of finance to come to agreement concerning determining each nation's contribution of capital. They are expected to meet next June in order to review the proposals made by experts concerning the structure of the organization and its capital.

After the transition period goes by and differences are settled, we will be seeing the initial stage of the process of regional monetary merging of the various Gulf currencies by means of commitment to the implementation of the following:

A. The value of the various currencies is expected to be established in accordance with the new standard currency.

B. The issuance of a new currency which will have power of acquittance in all the member nations. The central banks will gradually withdraw the local currencies and convert them into the new dinar without any change being made in the exchange rate.

C. In principle, there will not be any collection of the reserves. However, the unification agreement will determine the percentage of gold and foreign currencies which will be backing the new currency. Each central bank will regulate and oversee the dinars originating in its system by means of utilizing letters and figures which identify them.

D. The necessity of forming special committees, in addition to a technical committee, in order to deal with the problems of the deficiency in the balance of payments and monitoring how much currency is issued in order to be sure that there is sufficient backing for it. Another committee will be formed which will coordinate financial and tax policies in order to maintain equilibrium in the balance of payments.

The criteria mentioned above should be put into effect within the framework of definite practical steps which precede the process of monetary standardization in the six nations.

1. The establishment of the GCC among the [Gulf] countries is a result of the direct realization that the current prevailing atmosphere in the world of economic blocs confirms the fact that independence and disagreement in economic policies are effective only to a very small degree and bring negative results.

2. All the nations concerned realize that the wealth acquired from oil is based on a natural resource which is depletable. This has led to their being aware of the necessity of national planning. The GCC nations also realize that cooperation on the regional level will achieve the best policy.

3. The process of financially and economically merging the various nations will take some time since the GCC agreement is only the beginning of a process which requires a great deal of study, coordination, and the achievement of harmony on the part of the organizations and systems and regulations being put into practice.

4. Many of the steps which have been taken so far in the fields of economics and finance have been quite successful, whereas others, such as the collection of reserves and the establishment of a new standard currency, will require the elimination of some obstacles which are being maintained by a strong political policy.

5. Intended benefits on the regional level.

A. Elimination of restrictions on the currency markets will encourage the flow of capital between the various member nations and will strengthen free trade.

B. Standardization of regulations and control in banks will lead to the emergence of central banking institutions which will guarantee that local markets are insulated from disturbing factors from abroad and will preserve the effective existence of these markets.

C. The fact that exchange rates of the various currencies will be closer to each other because of parity and equalization of these currencies will reinforce the likelihood that an agreement will soon be reached among the member nations, and consequently that total standardization of their currencies will be achieved.

D. The Gulf area is expected to play an important role in the regional financial market, especially after the Gulf dinar is adopted. In this regard it is expected that Bahrain will strengthen its role as a market for short-term capital, whereas Kuwait will pursue its role as an important financial market. Consolidation of the position of these two markets will eliminate the dangers involved in mutual trade and will allow the Gulf dinar to emerge as a relatively strong and stable currency which is backed by a strong economic and political bloc. All of this should lead to the formation of a major regional financial market.

6. On the international level, the following will result from the establishment of the GCC:

A. The large surpluses in the balance of payments will have a great effect on the international financial markets, especially if they are invested abroad within the framework of a joint policy.

B. The emergence of the GCC as an important financial and economic bloc will provide power and support for the various organizations involved, especially the commercial banks. This will strengthen the image of the GCC nations internationally, and this power will be reflected by a stronger presence in other countries. This will enable them to be active not only in the international market of joint loans, but also in joint realms of financing, bank investments, and other activities in the financial markets. One of the most important problems which might emerge is really the fact that the various nations are at different levels of economic and financial growth. This might create problems in the following realms:

1. There is a difference in the level of involvement on the part of the various nations in the financial and monetary markets. This means that there should be differences in [their] financial and tax criteria and standards. The establishment of the Gulf dinar will make it necessary to establish joint policies concerning interest rates, exchange rates, etc.

2. As a prior condition to the success of a joint currency there should be a sufficient level of regional trade. Up till now a large part of the trade engaged in by the GCC nations has been with the industrial nations. Total imports by GCC member nations from their partners, at the end of 1980, were estimated at about \$1.4 billion. Kuwait emerges as the largest exporter of goods to these nations. However, this pattern will change with the increase in trade among the GCC member nations, especially after the establishment of Gulf industrial projects such as those involving the production of aluminum, iron, steel, and petrochemicals.

3. The pattern of growth and development in the various GCC nations differs by virtue of the fact that some of these nations possess large petroleum reserves and financial resources, whereas the other nations still depend on foreign aid for development. The Gulf Investment Corporation could become an important means of channeling funds to these lesser-developed GCC nations.

Petroleum Industry Integration Discussed

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 pp 42-43

[Article by 'Imad al-Hajj: "A Single Petroleum Bloc and a Joint Petroleum Derivatives Industry: Horizons of Petroleum Integration, and a Historic Meeting of the Ministers of Petroleum in the Gulf Countries"]

[Text] It might be no exaggeration to say that the first conference of GCC petroleum ministers, which was held in the capital city of Saudi Arabia last 31 January-1 February, engendered regional and international interest which was equalled only by the summit conference of the leaders of the six Gulf nations which was held in Abu Dhabi last May and during which the establishment of the GCC was announced. This great interest did not stem from the fact that the nature of the conference of petroleum ministers was different from the nature of the conferences which were held by the ministers of industry, finance, economy, and defense. All of these conferences, including those which have been held and those which will be held, are in compliance with parallel decisions taken by the summit conference of GCC leaders in order to study the different aspects of cooperation between the member nations, and cooperation in the field of petroleum is one of these. However, some things did set apart the meeting of petroleum ministers [from the other ministerial meetings], especially as far as international observers were concerned, and of these things we mention the following:

1. Petroleum is the only strategic commodity which the GCC nations possess. The world, especially the Western nations, basically has depended, still depends, and will for many years depend on petroleum generally, and on Persian Gulf oil in particular, in order to keep the wheels of the world economy going.

2. Oil is still the greatest and most obvious common denominator among the GCC nations. Their economies totally, or almost totally, depend upon petroleum. Naturally, there are many other things which are of importance which link the GCC nations and constitute common denominators. But from the economic and strategic point of view, oil is the most widely-known of these things and the thing which is of most concern.

3. Most of the GCC member nations are in OPEC, and all of them are members of OAPEC. This point, especially the fact that most of them are members of OPEC, is of great importance in view of the fact that OPEC for more than 20 years has represented the most powerful petroleum bloc of nations in the international economic arena. Observers in foreign countries had to watch and see what influence inside OPEC the decisions being made by the GCC petroleum ministers would have. They had to watch and see whether or not the bloc which they had formed within the framework of the GCC would constitute a bloc inside OPEC which, by virtue of its power and effectiveness inside the organization, would totally direct its policies so that OPEC's policy would indirectly be a reflection of the policy of the GCC nations.

4. The oil-producing nations, including the GCC nations, ever since the early seventies have endeavored to gradually dominate the processes of petroleum production which were a total monopoly of the large oil companies. They have succeeded in some of their objectives, and they are still working hard to achieve the other objectives. But up till now these efforts have basically been made on an individual level. This is why it was important to see how far the GCC nations would go in their cooperation and in their combining of their forces to achieve these objectives.

5. The matter of the advanced petroleum industries, or what people in the oil industry call the "supplementary production processes"--especially within the realm of the petrochemical industry--has come to be of utmost importance on the list of concerns of both the international petroleum industry and the oil-producing nations. The oil-producing nations are demanding their natural right to control a share of the supplementary production processes industry as one means of ending the phase of [total] dependence on oil as a raw material source of wealth and establishing advanced petrochemical industries which would utilize petroleum wealth as a basis for diversifying and developing their economies on a more solid and longer-lasting basis than would be the case when treating petroleum [only] as a raw material. However, these appeals are coming at a time when the Western petrochemical industry is undergoing a rather crucial crisis in view of the losses which it has sustained in transactions in Western markets and in view of its constant need to increase its productive efficiency while the world demand for petrochemicals is receding. For this reason, it was natural for the international oil industry to be concerned with what results could come from cooperative efforts by the Gulf nations in this field.

6. The conference has once again introduced into the arena of the oil industry the possibility of utilizing oil as a political weapon, although this is something which has remained partly restricted to the Gulf nations in the GCC. It is a development of great importance, although the present circumstances of the oil market are not exactly favorable for giving this weapon deterrent effect. Nevertheless, in the future these circumstances are certainly bound to change.

Before proceeding to assess what has been achieved by the first conference of GCC petroleum ministers in light of the points mentioned above, it is necessary to make a brief presentation of the results arrived at during this conference.

Here we should point out that the conference did not produce a final communique which spelled out in detail what was discussed and what the results were of the discussions. In this regard, it was necessary to rely on what was reported by news agencies which were quoting reliable sources. On the basis of this fact, and cautioning our readers that it is possible that we have made some errors, we can sum up the results of the GCC petroleum ministers' conference as follows:

1. The ministers discussed the two working memoranda which were submitted by Saudi Arabia and Oman. During the conference these working memoranda were included in the single working paper which determined the matters which were to be given priority.
2. The ministers agreed to establish a permanent ministerial committee from among the petroleum ministers which was to be called the Permanent Ministerial Committee for Petroleum Cooperation. The function of this committee will be to coordinate the policies of the member nations in the realm of the petroleum industry as well as to study and implement joint projects in the various phases of the petroleum industry. It was decided that this committee should meet regularly twice a year, and that its first meeting should be next September.
3. The ministers agreed to formulate unified petroleum policies, to take joint positions with regard to the outside world and within the framework of specialized international organizations, and to enter into commercial negotiations with the industrial nations either individually or as a regional group for the purpose of creating organized industrial relations and obtaining trade benefits.
4. The ministers emphasized the importance of adopting an oil-production policy whose objective is to pursue a strategy of oil security for the GCC nations and to have them show total solidarity with each other in case production is stopped in any GCC nation due to unforeseen circumstances. They proposed that this solidarity take on several forms, the most important of which were making loans to nations which have suffered losses amounting to the value of the quantities of oil [which they normally produce], producing and selling this oil for the benefit of the nations which have suffered losses, under arrangements agreed upon at the time, and taking appropriate oil-related measures against any nation which attacks any GCC nation.
5. Efforts to build up reserves of refined petroleum products in every GCC nation, guide and control local consumption of the refined petroleum products, and develop alternative sources of energy in the member nations.
6. An appeal to follow a united strategy in OPEC and OAPEC meetings.
7. Formation of a committee to study the opportunities for petrochemical industries in the Gulf nations, and to study means of utilizing natural gas.

8. Formation of a committee composed of people from the national petroleum companies in order to coordinate marketing policies among themselves and to achieve a balance between supply and demand with regard to petroleum products in local markets.

9. Giving priority to the Sultanate of Oman and Bahrain, the two nations which are least fortunate in terms of petroleum resources, as locations for the implementation of petroleum projects.

10. There was discussion of the possibility of setting up a pipeline which would link the GCC nations and go to the Arabian Sea, circumventing the Strait of Hormuz, in order to keep the oil secure and out of range of strategic considerations surrounding this strait.

The first assessment of the results arrived at by the conference of ministers of the GCC nations was the one which was given by al-Shaykh Ahmad Zaki Yamani, the Saudi minister of petroleum and mineral resources, when he said: "This was the best meeting which I have witnessed during my whole public life. There were six ministers who were speaking with one voice and striving toward a common objective." These words which were stated by the minister of petroleum of the largest Arab oil-producing nation, and who is known for always seeking to be cautious and accurate in his assessment of matters, constitute clear evidence of the importance of what was achieved by the Gulf ministers of petroleum and the extent to which the member nations, represented in this case by their ministers of petroleum, have committed themselves to making the Gulf cooperation experiment a success. Nevertheless, the success achieved by this conference has not led Yamani to divert his attention from one of the most serious matters which has been seized upon by some of the media. These media mistakenly reported that the ministers of the Gulf nations agreed to unify the policies of their nations with regard to rates of production and pricing of crude oil. Yamani hastened to deny this, assuring us: "We did not agree on any decisions such as these, and we did not take any such decisions. As far as oil prices are concerned, these prices are determined by OPEC and we will hold to those prices."

This clarification by Yamani acquires particular importance with regard to OPEC's role and its strength as an integral petroleum organization. Although the media, whether deliberately or not, attempted to give the impression that the GCC has formed a Gulf oil bloc within OPEC in order to influence its pricing decisions, Yamani has hastened to deny this and to assure that OPEC will continue to be an international organization, the importance of whose existence and survival the OPEC member nations still recognize. Possibly what caused this confusion was the decision concerning the formation of a committee to study policies of marketing and guiding and controlling consumption as they apply to petroleum products markets in the local markets. The news about this "decision" concerning OPEC and the probability of inspiring the emergence of a bloc within OPEC, which was snatched up by the media, also impelled the Kuwaiti minister of petroleum, 'Ali al-Khalifah al-Sabah, to deny this and to assure us: "The talks held by the ministers of petroleum did not go beyond the framework of economic cooperation within the GCC--something that had

already been agreed upon previously. Furthermore, a united petroleum policy on the part of the GCC nations falls within the framework of the general policy of OPEC with regard to production, pricing, and the organization's long-range strategy."

Perhaps it was the apprehension that this might be misunderstood which impelled 'Abdallah Bisharah, the secretary general of the GCC, to state the following before the conference was held: "The basic objective of holding the meeting of the GCC nations' oil ministers is to achieve coordination among the member nations in all realms of the petroleum industry. This particularly applies to the search for [energy] alternatives to oil and to the establishment of a coordinated policy in matters of production and marketing. This meeting will be held within a general framework, and there is no special formula for holding it."

In view of these clarifications it can be said that the results achieved by the GCC petroleum ministers' conference, in light of the details which it was possible to find out, can be considered to be encouraging and extremely important on more than one level--including the internal regional level and the level of relations with other regional groups and organizations. But it is still premature to make judgments concerning the actual and practical results of these decisions. We must wait and see which of them are actually applied and put into practice in the future. Nevertheless, they certainly constitute valuable initial steps taken in the direction of creating more cooperation in the various domains of the petroleum industry. In the future this may put an end to some instances of formation of small cliques and single-handed efforts to establish huge projects and duplicate them in a manner which often eliminates the benefit hoped for from them because of this duplication and lack of accurate estimates concerning the future and effectiveness of these projects. Although it may be easy, in light of objective and subjective circumstances in the Arab Gulf nations, to take united positions regarding theoretical issues and relations with the outside world, it is not so easy to achieve definite agreement concerning drawing up detailed plans concerning industrial development in each of the GCC member nations.

This is particularly true since, at present, each nation has a considerable number of projects of its own which it has either begun to implement or which are still in the stage of construction, planning, or design.

There is no doubt that the achievement of a united policy with regard to the petroleum industry, and the application of this policy in practice, will require a considerable amount of sacrifice on the part of this or that nation for the sake of the good of the new group of Gulf nations. It is true that acceptance by the six nations of the general principles of the uniform agreement means that these nations are prepared to make the sacrifices required of them. However, as has always been the case with all attempts made by the Arabs, implementation and application [of these principles and policies] will remain the most important criterion of their success and will be the most difficult stage to pass through before the objective aspired to is achieved.

Overall Industrial Integration Discussed

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 p 44

[Article: "Horizons of Industrial Integration Between the Gulf Countries"]

[Text] The Industrialization Programs Harbor Distinct Possibilities of Duplication of Efforts. Lack of Coordination Might Create a Struggle for the Capture of the Export Markets.

6.5 Million Tons of Fertilizers Were Produced in 1978.

Industry occupies a humble status in the economies of the six Gulf nations. Its share in the gross domestic product equals 1.2 percent in Oman, 4 percent in Qatar, 4.5 percent in Saudi Arabia and the UAE, 5.4 percent in Kuwait, and 17.5 percent in Bahrain. These nations continue to mainly rely on petroleum and natural gas as a source for their national income and for their government revenues. The Gulf countries are striving to diversify the bases of their economies in order to reduce their dependence on revenues from crude oil. They are trying to do this by means of developing projects which will more effectively utilize the revenues gained from oil and natural gas. In order to achieve this, these nations are developing industries based on available resources which they have such as industries producing petrochemicals, fertilizers, iron, steel, and aluminum, in addition to some other industries which are to produce certain consumer goods in order to replace imports, such as foodstuffs and some supply commodities such as building materials.

Because of the similarity of the economic structures of these nations and the fact that they hardly have any of the production factors necessary to engage in industrialization, with the exception of petroleum, gas, and capital, their industrialization programs are oriented toward the very industries mentioned above. This harbors distinct possibilities of unenconomical duplication of projects already established, and this would lead to the existence of a production surplus. In view of this it is essential that there be coordination of these industries in order to eliminate non-constructive competition among them in the world markets, especially since what these industries produce is for export rather than for local consumption.

Studies prepared by the Gulf Industrial Consultation Organization indicate that production of nitrogen fertilizers--ammonia and urea--by the six Gulf nations will total more than 3.5 million tons in 1982 and more than 6.5 million tons in 1987. Production of petrochemical products (ethylene and methanol) will total about 400,000 tons in 1982 and more than 5 million tons in 1987. It is expected that a small proportion of these products will be marketed within the markets of the Gulf countries, but the greater part of it will be for export. Right now the time is considered very appropriate to bring about coordination and merging of the national industrialization programs among the GCC nations. This is particularly true since the creation of such coordination, provision of possibilities for regional planning, and the establishment of sound economic bases for it, will have a positive and constructive effect on the general

prosperity of these nations for generations to come. This will also serve to create common interests in place of the [present] competition to obtain export markets for industrial products for export. Also, this will serve to increase the efficiency and productivity of industries which are based on local markets.

In light of what has been mentioned above, the GCC nations' economic agreement emphasizes the establishment of a free trade zone for Gulf products, the objective being to expand the market for these products and to create additional incentives. The agreement also emphasizes the establishment of a uniform customs zone for the markets of the member nations in order to protect local industries from competition by foreign products. This is also meant to be a first step toward consolidating these nations' sector of processing industries.

In an effort to avoid harmful competition among them, whether it is competition for obtaining factors of industrial production or competition for export markets, the agreement recommended diversification of industries in the Gulf nations on the basis of specialization in production, relative advantages, and economic feasibility--especially with regard to basic industries--by means of giving special priority to joint industrial products among the Gulf nations. Article 1 of the GCC economic agreement stipulates that there be freedom of exchange of industrial products of national origin among the member nations. When these products are exchanged, they are to be treated as national products and are to be exempt from customs duties and restrictions concerning quantity. It is also stipulated that the added value [of the goods] resulting from their production be not less than 40 percent of their final value when their production has been completed. Likewise, it is stipulated that the percentage of ownership by citizens of the member nations in industrial production establishments not be less than 51 percent. [The agreement also stipulates that] the member nations strive to set a minimum uniform customs tariff to be applied with regard to countries in the outside world. The objective of this is to protect local industries from having to deal with competition from foreign products.

Article 9 [of the agreement] indicates that encouragement by the member nations of the private sectors in them to establish joint projects will lead to linkage of the economic interests of the citizens [of the GCC nations] in various fields.

Article 11 of the agreement recommends that the member nations strive to coordinate their policies with regard to all phases of the petroleum industry--including the extraction, refining, marketing, processing, and pricing of oil--and that they coordinate their policies concerning the utilization of natural gas and the development of [alternative] sources of energy. It also recommends that the industry be distributed among the nations in accordance with relative advantages [found in these nations] and economic feasibility, and it recommends encouraging the establishment among them of basic and supplementary industries.

And finally, Article 13 of the agreement indicates that it is necessary to show special concern for joint industrial projects in order for the GCC nations to achieve economic integration, interrelationship of production, and joint development on sound economic bases.

CONSERVATIVE OPPOSITION CHIEF CALLS FOR ELIMINATION OF SUBSIDIES

Cairo AL-AHRAR in Arabic No 193, 5 Apr 82 p 1

/Article by Mustafa Kamil Murad: "The Opposition View: Abrogating Subsidies Is an Urgent Matter"/

/Text/ The government must review its position on subsidizing commodities. The government's continued payment of 2 billion pounds a year for these subsidies is a matter that merits review. This sum is in reality derived from the taxes people pay, which represent the most important government revenues; the government employee is a guaranteed taxpayer, paying the taxes he owes regularly and accurately, since the taxes are deducted from his salary before that is paid him. This employee is supposed to be the main beneficiary of the subsidies he is financing through the taxes he pays, but we all know that the subsidized commodities do not go to the people who are entitled to them. To that I might add:

First, the subsidized commodities leak out into the black market, as is happening with bread, which absorbs one third the subsidy total, or about 700 million pounds a year. Some people obtain bread at the subsidized price of 6 piasters per kilogram to use as fodder for livestock in place of hay, which comes to 10 piasters a kilogram!

Second, the effort to get subsidies to the people who are entitled to them, in terms of oversight and monitoring agencies, costs the government as much as the subsidies.

Third, the continued increase in the value of subsidies every year is a matter of the utmost seriousness. In 1971 it was 100 million pounds; this rose to 500 million pounds in 1974, then recently reached 2 billion pounds, in 1980--or half the government's sovereign revenues in the form of customs, taxes and various levies, which came to about 4 billion pounds in 1980.

This rise in the value of the subsidies will lead to a hemorrhaging of the government's sovereign revenues in the near future, weakening the government's ability to make investments in production and services.

Fourth, supply cards, which are basically spent on subsidized commodities, do not represent the real state of affairs, since the number of people possessing these

cards comes to 52 million, which is 10 million above the true figure; that is, the equivalent of 400 million pounds goes into the black market!

The Liberal Party believes that the optimum solution is to set out a 5-year plan during which subsidies would be gradually eliminated, concomitant with wage increases equalling the amount of subsidies that are abolished and a gradual increase in subsidized commodity prices at a rate of 20 percent a year until the subsidies are totally eliminated during the 5 years and salaries have increased by a volume equal to the amount of subsidies abrogated. Thus we will be saving the government about 400 million pounds a year which can go into the area of production and service investment.

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CSO: 4504/272

TOP BOARD GIVES NEW PRESS ACTIVITY PERMITS

Cairo AL-AKHBAR in Arabic 4 Apr 82 pp 1, 5

/Article: "The Supreme Press Council Agrees to the Issuance of 16 New Papers and Allows 126 Journalists To Work abroad"/

/Text/ At its meeting yesterday under the chairmanship of Dr Subhi 'Abd-al-Hakim, the chairman of the Supreme Press Council, the council gave its agreement to the issuance of 16 new papers. The council also agreed to all journalists' requests for permission to work on non-Egyptian newspapers, news agencies and media domestically and abroad; these came to 126.

The council had reviewed all applications for new newspapers presented to it for the issuance of permits in accordance with the new press law, and agreement was given to all applications except for two non-academic papers that had asked the council for exemptions from the condition that the editor in chief nominated for each of the two papers belong to the Journalists' Union. The new press law stipulates that the editor in chief is to be a working member of the Journalists' Union except for specialized academic papers issued by academic bodies.

The papers to which agreement was given are:

The newspaper AL-MINUFIYAH, issued by the Governorate of al-Minufiyah; the newspaper AL-ITTISALAT, issued by the General Postal, Telegraph and Telephone Union; the magazine AL-MUSLIM AL-SAGHIR, issued by the Moslem Family Society; the magazine AL-HAYAH, issued by the Society for the Care of Widows and Divorced Women; the newspaper SAWT AL-MINYA, issued by the Governorate of al-Minya; the newspaper AKHBAR BANI SUWAYF, issued by the Governorate of Bani Suwayf; AL-MAJALLAH AL-TAMWINIYAH, issued by the General League of Supply and Internal Trade Inspectors; the publication BILADI, issued by the Center for Crippled Youth in al-Qalyubiyah; the newspaper SAWT AL-SHABAB, issued by the Young People's Social Activity Society in Tanta; the magazine SINA'AT AL-KUK, issued by the al-Nasr Coke and Basic Chemical Manufacturing Company; and the magazine AL-TA'AWUN AL-INTAJI, issued by the Central Productive Cooperative Federation.

Academic Magazines

The academic magazines to which the council gave agreement are the magazine AL-DIRASAT AL-SHARQIYAH, issued by the Society of Egyptian University Oriental

Language Department Graduates, the magazine KUL-LIYAT AL-LUGHAH AL-'ARABIYAH, issued by the Arabic Language Faculty of the al-Zaqaziq branch of al-Azhar, the magazine FUSUL, a magazine of literary criticism issued by the Egyptian General Book Authority, the magazine 'ALAM AL-BINA', issued by the Society for the Revival of Planning and Architectural Heritage, and AL-MAJALLAH AL-MI'MARIYAH, issued by the Society of Architectural Engineers. Thus the council reviewed all the applications to issue newspapers that had been submitted to it.

The council also agreed to give permits to all journalists who asked for permission to work in various foreign newspapers and media abroad, on leave without salary, or to write or correspond for them from Egypt. The number of journalists given permits yesterday was 126.

A Commemoration for Zaki 'Abd-al-Qadir

Dr Subhi 'Abd-al-Hakim, chairman of the Supreme Press Council, opened the council's session yesterday with a statement in commemoration of the late Muhammad Zaki 'Abd-al-Qadir, stating "One must mourn the loss of one of the generation of pioneers in the Egyptian press, the great writer Mr Muhammad Zaki 'Abd-al-Qadir, member of the council and a great man, who has just died. He was truly a school for the Egyptian press and it cannot be imagined that a history of the Egyptian press could be written that did not give this great writer a great, exalted place in this history." He then called upon the members of the Council to stand in morning to read the opening sura of the Koran over the spirit of the great departed man.

Economics of the Press

The council then began its activities by studying a number of subjects related to the economics of the press organizations and the jurisdictions of council committees. It approved the draft on jurisdictions which the three main council committees had prepared. The council also gave its agreement to the transfer of the journalist 'Atif al-Ghamri from the Rose al-Yusuf organization to AL-AHRAM, in accordance with his request, with the agreement of the two organizations.

The council also decided to send a telegram of congratulations to the Journalists' Union on the occasion of the anniversary of the establishment of the union. The council was adjourned after having sat for more than 3 hours.

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WAR PRODUCTION UNION HOLDS ANNUAL MEETING

Cairo AL-'UMMAL in Arabic No 755, 5 Apr 82 pp 4, 5

/Article by Nadiyah Sultan: "The War Production Union's General Assembly: Affirmation of the Rights and Benefits of the People Working in the National War Factory Authority Project"/

/Excerpts/ The General Union of War Production Workers' general assembly demanded that the rights and benefits of workers as guaranteed by law in recent years be reaffirmed in the draft of the law being prepared on the conversion of war industries into the National War Production Authority.

The assembly also demanded that workers' minimum contributions to trade union organizations be raised to 25 piasters in place of 15 piasters, with the maximum to be 50 piasters.

The assembly also demanded that the article bearing on labor issues, agreements and arbitration in Law 137 for 1981 be amended to give union organizations the right to reach agreements and to have collective arbitration for workers before the judiciary.

This appeared in the resolutions and recommendations of the General Union of War Production Workers' general assembly, which met last Tuesday under the chairmanship of Mustafa Munhi, chairman of the union, in the presence of Mahmud 'Atiyatu, secretary of the federation of local labor federations, Zaki al-Shadhili, Muhammad Ahmad Kamil, vice chairman of the general federation, and Ibrahim Lutfi Zanati, the secretary general. The union general assembly reviewed a report on the union's activities and the achievements it has made the past year in bringing about stability for families and eliminating obstacles to production.

In their meeting, the members of the general assembly of the War Production Union discussed the report on activities presented by the union board of directors, the union's financial report and the authorization of its general budget.

The report includes the fact that last year the union signed collective agreements with the Ministry of War Production and its companies that resulted in an increase in wages for more than 90 percent of the total workers, with the stipulation that a monthly allowance was to be disbursed and that this allowance was to be approved

for the other 10 percent of the workers, in addition to some other benefits, such as a nature of work allowance and an occupational hazard allowance. Agreement was reached between the general union and the sector's coordinating committee that the payment of factory allowances should be generally applied to all workers in the war factories and people newly appointed to sector companies, while that would continue to be paid out along with salary in accordance with employment grades, starting at 3 pounds for the lowest grades and going up to 15 pounds. The minister of war production and the prime minister approved this in accordance with the fact that they are the authorities that the Law on Public Sector Employees has stipulated will grant all allowances besides nature of work allowances.

In addition, an agreement was reached between the general union and the union committee of Hilwan Machinery Manufacturing Company employees (Factory 99) and the company management that the reconciliation verdict on the right of company workers to double overtime for work on days off, retroactive for the 5 years previous to 28 April 1980, would not be contested, in exchange for the union's agreement to payment of the amounts due for the period 1 February 1979 to 31 December 1981 and payment of 50 percent of the total sums owed as overtime for the 3 years prior to that date, that is, from 1 January 1976 to 31 December 1978. Agreement was also reached between the general union and the management of the Chemical Industries Company (Factory 81) to end the existing dispute with the company regarding the payment of overtime wages owed workers for 5 years, to facilitate matters for the company and the union committee both, and relinquishment of the case regarding that. The amounts owed were paid out to all workers retroactively.

Agreement was also reached between the general union and the Abu Qir Machinery Company (Factory 10) on settlement of the dispute at issue between the committee and company management regarding the payment of the frozen portion of the production incentives to be paid out for research and development, which are more than 1.9 million pounds for the previous years. Payments have been scheduled to cover more than one instalment in order to facilitate matters for the company and to avoid having this affect liquidity conditions, whose effects would be reflected on the workers' strategic interests. The general union reached agreement with the Ministry of War Production and the sector coordinating committee that the war production companies, with the union, would contribute 150,000 pounds to establish a workers' summer resort in Abu Qir, Alexandria. Agreement was reached between the general union and the union committee of Hilwan Metal Equipment Company workers (Factory 36) and company management on carrying out Arbitration Verdict 18 for 1981 issued in favor of the workers against the company, doubling overtime without pursuit of the other legal measures following the verdict, with retroactive payment for the 5-year period in one instalment.

It also conducted negotiations, in participation with the union committee of al-Ma'sarah Machinery Manufacturing Company workers (Factory 45), with the company management to carry out the arbitration verdict issued concerning payment of the increased rate of the nature of work allowance for people working in war production, retroactive for 5 years. This was done without pursuit of legal measures.

The report also referred to the conferences and meetings the general union held with officials, most important of which was the union's acquisition of a retroactive

decree for payment of factory allowances for a period of 15 months to workers, as well as a study on trade union work methods in war production units and the definition of the stipulated rates of allowances. The union also participated in specific conferences the general federation held to do with industrial safety, studying the issue of the public sector, and the vocational training, labor and production conference, in addition to May Day celebrations, the federation's silver jubilee and the conference on worker participation in management. The union also took part, with the general federation and the Ministry of Manpower, through the study it presented on manpower planning, and it also got in touch with the Central Administration and Organization Agency regarding the acquisition of rights by war production workers who have been promoted and the disbursement of delayed raises to them in accordance with Law 135 for 1980. The union contacted the Ministry of Education and Scientific Research to coordinate completing the sales of war factory production.

The report stated that the union contacted the Ministry of Reconstruction and Housing with regard to a study on the conditions of 15 May City in Hilwan and agreement was reached to determine priorities in housing for workers in companies in the area by means of a unified instalment payment system based on deduction of a quarter of salary. The union also concluded by forming a committee representing the housing societies of workers in Hilwan to establish a project for the housing core that would be erected with the participation of the American party. Work has started on this now, and contact is now being made with Cairo Governorate on the allocation of housing units for workers in war factory 27 in the residential city adjacent to the factory and the allocation of housing units in al-Salam City for people working in the war production plants in Abu Za'bal and Huckstep.

The report added that the general union has emphasized retention of labor gains in its contribution to the preparation of a draft national war production authority law and the need to have workers receive representation in the authority's board of directors.

The report referred to the meeting the union held with the minister of war production. Agreement was reached on the provision of meals for workers, the reconstitution of production committees, elimination of the problems that war factories 63, 81 and 100 are facing, investigation into the renovation and replacement process in factory 99 and elimination of the system of reserving factory 360 products in foreign currency.

The assembly also reviewed the problems workers are facing with the General Health Insurance Authority on treatment and the special report on social and recreational activities; the people in attendance approved the startup of work on the workers' summer resort project which the union is to erect in Alexandria for use next summer.

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BAKHTIAR SIZES UP BANI-SADR, REZA PAHLAVI, OIL SITUATION

Duesseldorf WIRTSCHAFTSWOCHE in German 23 Apr 82 pp 131-33

[Interview with former Prime Minister Shapur Bakhtiar by Christian Deysson, Thomas Glaue: "Koran and Communism Are Irreconcilable"]

[Text] Shapur Bakhtiar, the last Iranian head of government appointed by the Shah, considers the army presently tied down in the war with Iraq as the key to the overthrow of the Khomeini regime. In an interview with WIRTSCHAFTSWOCHE, the Iranian politician now living in exile in Paris gives his estimate of the future.

Bakhtiar resides in a villa in a middle-class Paris suburb. For about 2 years now, the villa has been a kind of voluntary prison for the 68 year-old Bakhtiar who narrowly escaped an assassination attempt at his former place of residence. This last prime minister and viceroy of the Shah's who held office for only 39 days now leaves his house only in the company of six bodyguards.

He, who is viewed as one of the leaders by the Iranian opposition groups abroad, also accepts the 12 heavily armed special guards of the Compagnie Républicaine de Sécurité assigned to him by the French government. Bullet-proof window panes and CRS men patrolling the street in front of his house afford him additional protection.

Bakhtiar, whose closest adviser is his son, is a wiry man. One would not think he is 68 years old. He speaks French fluently—and no wonder. As the son of well-to-do parents, he attended a French school in Beirut and then a secondary school in Paris. He studied at the Sorbonne from which he subsequently obtained a doctorate of law.

He became one of the founders of the social democratically oriented Iran Party which joined with the bazaar and the religious groups to form the opposition National Front. When Mossadeh took over the government again in July 1952 and Shah Mohammed temporarily left the country, Bakhtiar was given the post of Deputy Minister of Labor. Raised in the liberal tradition, Bakhtiar later became an outspoken opponent of the Shah's regime.

[Question] 2 years ago, you already predicted the imminent downfall of the religious regime in Tehran, Mr Bakhtiar; but the Islamic republic is still in existence today.

[Answer] False estimates are made all the time—even in technology where they work with computers. In political life, this is even more likely to happen. For another thing, the Western governments have worked things out between themselves and the ayatollahs which was something I did not consider at the time.

[Question] In what ways have they done so ?

[Answer] A number of governments, including that of the FRG, have business dealings and diplomatic contacts with Iran. In this way, they are acting in support of a regime that could hardly have survived for more than a year on its own.

[Question] Are you surprised by this display of economic pragmatism ?

[Answer] I would have considered it unthinkable for civilized nations to make up to a regime that resorted to such bloody terror. It neither corresponds to the long-term interests, nor to the moral precepts of the Western world to have dealings with such a barbaric regime.

[Question] The past $3\frac{1}{2}$ years have been barbaric for Iran particularly in the economic field. If you had to draw up a balance sheet of the Islamic republic's management of the Iranian economy over those $3\frac{1}{2}$ years, what would you say ?

[Answer] The figures are right on the table. Our industrial production declined by 80 percent. In several sectors, such as the textile industry, they are still operating at 40 percent of capacity but in the more complicated sectors where there is a dependence on foreign raw materials and spare parts the decline in production is even more drastic.

[Question] What is the extent to which the Iranian man-in-the-street is affected by all this ?

[Answer] He goes hungry, for instance. For years, we paid for our food imports with our oil earnings which have gone down a great deal. That is why the food supply of the population has reached a critical stage. But the man-in-the-street is also affected in the sense that the medical situation is getting worse all the time. There is a shortage of doctors and medical supplies and very many people are dying in Iran every day. Ironically, there is also a shortage of oil in this country full of oilwells or at least a shortage of certain condensates.

[Question] Conditions as in Poland would you say ?

[Answer] Almost as bad; but there is one important difference—Poland at least still has its intelligentsia. But in Iran today there is also a shortage of good minds, of doctors, scientists, engineers, managers and technicians. Over the past 2 years, all these have made the choice of going abroad.

[Question] Just like the political opposition...

[Answer] It had to because the reign of terror had assumed frightening proportions in the meantime. For this reason, too, it will be difficult to topple the Khomeini regime from one day to the next. That takes an organization which can rely on broad support among the population and the army. But sooner or later we will do our patriotic duty and remove this regime.

[Question] What do you mean by 'we' ? The bourgeois opposition or all the opponents of the regime including former Khomeini intimate and ex-president Bani -Sadr ?

[Answer] O la la...Please don't mention that name in my presence; I might get sick to my stomach. I differentiate between two types of critics of the Iranian regime: There are the real oppositional elements who were against this senseless Islamic republic from the start and then there are the dissidents who themselves set up this so-called republic and who now that they are in exile talk about human rights which they trod underfoot while still in Iran. These people have no legitimate claim to posing as an opposition to the Islamic regime.

[Question] Does that mean you would not work together with the People's Mujahidin of the Marxist leader Radjavi ?

[Answer] No. I don't want anyone coming to me waving flags with the hammer and sickle on them and suras from the Koran, too. That does not go together. I respect any communist who has firm convictions but I despise hypocrites like Radjavi who make a show of claiming that communism has its origins in the Koran.

[Question] In other words, the Iranian opposition to the Islamic regime is hopelessly divided ?

[Answer] My feeling is that all patriotic, democratic, nationally inclined Iranians of whatever political persuasion—whether they are a bit more to the left or to the right—must work together to bring down the regime. But men like Bani-Sadr and Radjavi were architects of the Islamic revolution and therefore have no place among us—no place whatsoever.

[Question] What is the role the Iranian army can play in the efforts of the opposition to remove the religious regime ?

[Answer] Khomeini, that bloodthirsty old man, forced a senseless war against Iraq on the Iranian people. He provoked the war with all the means at his disposal in order to commit the army hundreds of kilometers from Tehran along a 600-kilometer front. He is also doing everything he can to expand and prolong the war because if the Iranian army should win the war, it would come home stronger than it was and would pose a threat. If it should lose the war, the military men would return from the front in a state of disillusionment and would pose even more of a threat. In other words, the army poses a threat to the ayatollahs in either event.

[Question] Would you then call the army a potential ally of yours ?

[Answer] The army is an important power factor in Iran. One might consider it an indispensable lever with which to topple Khomeini. But I would hate to see the regime of the turbans replaced by a regime of the boots. I have no use for a military government in Iran.

[Question] What form of government would you like to see ?

[Answer] A democratic, patriotic and above all socially progressive government. There was too much social injustice under the Shah. We cannot and must not return to conditions as they were 3½ years ago.

[Question] What alternatives do you have in mind for the Iranian economy ?

[Answer] Prior to Khomeini, our economy was in an incomparably better state from what it is today; but even then there were many things wrong with it. The Shah squandered a lot on needless prestige projects. Iran has to have an economic plan that builds on existing installations and investments and guarantees the further industrialization of the country. But above all we must

do all we can to support and mechanize agriculture which was sorely neglected under the Shah. If need be, we can forget about Phantom bombers and tanks but we cannot live without rice and wheat. Only if people have something to eat are they immune to political fanaticism.

[Question] How would you rebuild the shattered economy ?

[Answer] First of all, we would have to sell our oil at a good price agreed upon by the other producers and in sensible amounts so as not to flood the markets that are already glutted. But above all the active population of Iran—the industrialists, workers, technicians, civil servants and merchants—would have to lend a hand in the massive rebuilding job. The human factor and human labor—those would be decisive elements in the reconstruction process. After the war, Germany started with even greater liabilities than Iran would after Khomeini.

[Question] Iran would no doubt require foreign financial aid.

[Answer] I do think that it would be in the West's interest to help us at the outset because even the most democratic of governments cannot stay in power without money. I am also sure that countries like Saudi Arabia would extend credits to us then.

[Question] What would be the legal basis of your government ?

[Answer] The Iranian constitution of 1906. Later on, that constitution would certainly have to be amended but it would apply at the start.

[Question] But that means you would want to return to the monarchy.

[Answer] The important things for Iran are democracy, freedom, justice, independence and social progress. Whether I am a monarchist or a republican is a question of secondary import. We all know that a monarchy—as in Sweden for example—can be more democratic than many so-called republics, like that in Chile. I would like to see democracy and social progress. If that can be accomplished under a king, then I would be satisfied with a monarchy.

[Question] For example under Reza II, the son of the late Shah ?

[Answer] Under the son of the Shah or under another.

[Question] But the constitution of 1906 says that he has a right to the throne.

[Answer] That may be; but if he wants to ascend the throne, he must know one thing: he is only a symbol and he must respect the constitution. There is no such thing as a vainglorious, absolutist regime any more. Those days are gone forever.

[Question] Any future Shah then would occupy a constitutional position like the British Queen ?

[Answer] Or let us say the Belgian King because our Iranian constitution is an exact replica of the Belgian constitution.

[Question] But for the time being, Ayatollah Khomeini is still running Iran and Iran's former UN ambassador and adviser to Bani-Sadr, Mansoor Farhang, said just recently that chaos would descend on Iran once the Ayatollah was removed.

[Answer] Total chaos has long since arrived. That is why I think that Iran will have to have a strong transition government after the disastrous Islamic reign of terror is over so that the difficult problems can be solved. That was the way it was in postwar France when a transition government ruled the country without a parliament for 18 months after the return of de Gaulle. If we were to hold general elections immediately after Khomeini's overthrow, we would have the same situation in Iran as in San Salvador. First, the country would have to quiet down and for this reason there will be a need for a very strong government at the outset.

[Question] Do you mean a dictatorship ?

[Answer] A strong government is not a dictatorship; but at this present stage, Iran cannot be granted the same democratic liberties that are enjoyed in the FRG and the other Western democracies. That will take a long, long time.

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CSO: 4620/46

BRIEFS

RAILWAY CONTRACT--Iraq has awarded a Rs 2.37 billion (\$252.2 million) contract to the Indian Railway Construction Company (Ircon) to build a 150-kilometre railway line in the first major order won by the company. Four years ago Iraq awarded a similar contract to a Brazilian company in preference to Indian Railways which has since created Ircon specifically to undertake work abroad. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 19, 10 May 82 p 5]

METRO WORK TO BEGIN--The Iraqi government has decided to begin construction work in August 1983 on the Baghdad metro system, expected to cost over \$5.4 billion. This is a little later than the date originally planned. The British Metro Consultants Group, a consortium of 10 companies has carried out basic design work on the system which will eventually carry 1 million passengers per day over a network of 32 kilometres. The Baghdad Rapid Transport Authority has asked for consultants and electrical and mechanical contractors to pre-qualify for detailed design contracts and for contracts to manufacture and supply equipment. Iraq has accepted the basic British design proposed by British Metro Consultants, but has not yet awarded any detailed design contracts. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 19, 10 May 82 p 5]

CSO: 4400/272

PEACE PROCESS FRINGS RADICALIZATION, NOT SOCIAL STABILITY

Tel Aviv MA'ARIV in Hebrew 18 Apr 82 p 5

[Article by Dr Rafaela Bilsky: "The Social Price of the Peace Process"]

[Text] We have witnessed lately a process of radicalization in Israeli life. Force has been used simultaneously in the Golan Heights, in the West Bank and in the Rafah salient, and the existing tensions in Israeli society--among ethnic groups, between religious and secular Jews, between us and the Arabs of the territories and between the two big political blocs--have become more acute.

We have to ask ourselves whether this radicalization, both in terms of social consciousness and official policy, is accidental or whether it is part of the completion of the peace process relative to the return of the Sinai and the evacuation of the settlements.

To clarify this question we ought to determine whether a sense of peace has emerged among us, exerting a positive influence on our society, or whether the impact of the peace process on our society thus far has been negative. If we find that we have not experienced a sense of peace and that the peace process does not have a positive influence on our society, we will have to ask ourselves whether this situation is unavoidable or whether it can still be changed, at least to some degree.

In January 1979, the Ne'eman Institute ran a workshop dealing with the implications of peace for Israel. The team that dealt with social issues and that included public figures and experts reached certain conclusions. The main conclusion was that the peace process could exacerbate existing tensions and social problems, since the expectations of solving internal problems would increase because of the assumption that peace would make it possible to effect an immediate change in national priorities.

Since it was clear to the team that during the early years of the peace process there was no chance of using more resources for solving internal problems, it was recommended that expectations be decreased and government participation in internal issues be increased to prevent frustration. One assumption our team based its conclusions on was that a sense of peace, ever

so slight, might weaken our unity, which has depended on the fact that we were surrounded by enemies and proved ourselves mainly in time of war.

Our unity, based as it is on external pressures, might have prevented serious social conflicts. The weakening of this feeling of unity, as well as partially unrealistic expectations, could, without proper treatment, bring to the surface social tensions that have existed for years.

Since such negative implications were anticipated, it was recommended that a social policy be formulated that would remedy the situation. The team made its recommendations, and the report was presented to the prime minister, but in effect the political leadership did not use the peace as a means for social change. Nor was any attempt made to strengthen the process within the society by clarifying the character of the society we are seeking to establish and formulating guidelines for our future.

Thus, the feeling of danger to our security did not diminish in any way, the feeling of international isolation grew and without guidelines for the future the sense of uncertainty has increased.

Against this background, it is possible, in my opinion, to understand the gravity of the problems we are now facing. Without a process of creating internal social strength, the return of the Sinai is causing many to feel a sense of loss and weakness, similar to defeat in war, since the reward for the return of the Sinai is not tangible. The normalization process, which is rather sluggish, does not create at this point a feeling of peace and does not seem to justify the return of the Sinai and the evacuation of the settlements. Moreover, the expectations that some of us entertained regarding a reordering of national priorities in favor of social issues, and the recompense we were going to receive from Egypt, were partially unrealistic.

It is precisely because of false expectations, the lack of social action and the clarification of future goals that frustration grows and causes intolerance, which affects all sensitive areas of our life, while the feeling of loss and weakness makes our political leadership more determined to prove its strength, hence the use of force in the Golan Heights and the West Bank.

The solution to the lack of internal strength, then, is a show of force. But such an attitude, coupled with putting a strong emphasis on the settling of Judea and Samaria, not only eliminates political options but also increases the feeling of discrimination among the development towns' people, who no longer find themselves at the top of the list of priorities.

Clearly, there is a correlation between the radicalization of Israeli society and its political leadership and the completion of the present phase of the peace process.

If Israeli policy could be explained on the basis of the conspiracy principle, then one might say that the focus on compensation to the residents of Yamit was a deliberate attempt on the part of the government to present the

residents in a negative light, in order to decrease our feeling of pain from having to uproot settlements. Only last week, we suddenly realized that besides compensation, the evacuation has other painful implications.

Since I do not believe that the conspiracy principle is applicable to Israel, the necessary conclusion is that the dealing with the residents was a bureaucratic failure. We have had enough time since the signing of the Camp David accords to take care of the residents and build new settlements for them, and we could have shown the world that we act as a people committed to peace and justice despite the high price we are asked to pay.

Not having done any of this, and having instead resorted to a policy of force, the residents of the Yamit area must suffer from a difficult transition, while all of Israeli society--without clear and positive social goals--is prey to growing tensions. Each group, beset by a sense of uncertainty about the future, will try to protect its own interests (this is the only way to explain the insensitivity of Agudat Israel, which at a time when we are called upon to close ranks raises such a controversial issue as the "who is a Jew" law), and our internal strength will diminish.

If we do not wish to achieve a state of affairs in which the main solution is the use of force, and if we do not wish to see Israeli society split because of negative social processes, we must open our eyes and begin to understand what is happening here. Understanding puts one in touch with reality. To get in touch with reality we have to initiate a pluralistic dialogue on the desirable character of Israeli society.

The last thing we need today is to barricade ourselves and create a closed ghetto, out of touch with reality. Some may think that such a ghetto is the way to achieve internal unity, but such unity, which is basically artificial, will not last for long.

In addition to returning to open discussions about basic issues, the political elite--both the ruling party and the opposition--must go beyond discussing solutions to immediate problems and deal with national plans (of which the peace process is one) for the near future, clarifying goals and the means of achieving those goals.

Thus, at least we will force the politicians and ourselves not to overlook reality but to set goals for the future. This will increase our power to deal with negative developments, which will continue to be part of the peace process. We may even be able to use the peace process to bring about social change and increase our internal strength.

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NEGATIVE CONSEQUENCES OF POLICY ON TERRITORIES NOTED

Tel Aviv HA'ARETZ in Hebrew 6 Apr 82 p 12

[Article by Shmuel Toledano: "Those Who Prophecy Doom Are Right; the Opposition and the Government Dare Not Tell the Nation What's In Store for Us; We Are Coerced Into Becoming a Nation of Masters, and There Is No Way Back"]

[Text] Although there may be a dispute among doctors over whether to let a patient know about his terminal illness, there is no disagreement over the method the doctor must employ to help a patient who is curable--the doctor must let the patient know about his illness and help him change his habits and restore his health. A doctor who does not offer an accurate diagnosis to his patient and a way of curing his disease fails to do his duty. What is so self-evident in regard to an individual is not at all clear when it comes to the fate of an entire nation.

The opposition, much less the government, does not dare tell the people what may happen to them if they do not experience a radical change in their lifestyle. Moreover, anyone who shows civic courage by offering the true diagnosis is labelled "enemy of the people." Anyone who takes a hard, cold look at the situation is accused of defeatism, "lack of faith in the Rock of Israel" and, worst of all, attempting to undermine the strength of Israel. Until recently it was not possible to predict developments in the region, but now the basic issues of the conflict have crystalized and one can clearly predict the following developments:

The West Bank, the Gaza Strip and the Golan Heights have been in effect an inseparable part of Israel since the Likud came to power. It makes no difference whether Israeli law is applied to the West Bank. Physically and economically, if the present situation continues, no government will be able in the near future to make any concessions in those territories. A government headed by the Likud will not make such a decision, and a government headed by the Alignment will not have a majority for such a decision, not within the Alignment itself and certainly not within the coalition. Even if by some miracle such a decision was reached, the facts of life in the territories can no longer be changed. Let us not forget that time is on the side of this reality--both because of the situation in the territories and because of the attitude that is developing in the society and among the

parties in Israel. Within a few years, if anyone were to suggest giving up any part of the territories, the suggestion would be regarded as no different than that of giving up part of the Negev or the Galilee. The chance of any concession will be comparable to the chance of giving up any land this side of the green line.

In short, unless there is a change in the present policy, we shall witness one of the following two alternatives: either the State of Israel will exist with Tel Aviv, Nablus, Haifa and Ramallah, or, heaven forbid, its existence will become questionable.

A second fact, which no one disputes, is that as long as Israel holds on to the territories and becomes entrenched in them, the PLO and the Arab countries will not accept this reality and will do everything within their powers to regain those territories through repeated wars, which may continue for generations. Even Egypt will not be able to accept this reality.

In the spring of 1981 I took part in a Knesset delegation that visited Egypt and met, among others, President al-Sadat. At that meeting I told al-Sadat that I doubted whether Israel would return the territories or any part thereof and asked the president if Egypt could maintain peaceful relations with us while we held the territories. Al-Sadat was not willing to accept such a possibility and explained that the Palestinian problem must be resolved and that Israel must evacuate the occupied territories. It was clear from his words that if Israel did not do those things, Egypt could not remain isolated indefinitely. There is no doubt that Egypt under Mubarak, being anxious to rejoin the Arab world, will be even more determined in this respect.

Another assessment, which can be regarded as factual, is that even if we win future wars we will not be able to force the enemy to sign a peace treaty with us or to give up its determination to annihilate us. In this regard, one could quote no less an authority than David Ben-Gurion, who once said, when asked when the last war would take place, that "the last war is the war we will lose."

It is evident that nuclear weapons will be introduced to our region during the coming decade. We were able to destroy the nuclear reactor in Iraq, but we will make a serious mistake if we think that we will always be able to rely on a preemptive strike.

It is known at this time that the Arabs have learned their lesson and are trying to acquire an atomic bomb from such countries as Pakistan. The talk of a "balance of terror" is idle, because such a balance can only exist between two big countries like the Soviet Union and the United States, each of which must take into account the consequences of being the first to use nuclear weapons.

A balance of terror cannot exist in our region for two reasons: the enemy includes the likes of Qadhdhafi and the terrorist organizations, which will not stop to weigh the consequences of using nuclear weapons. More ominous

is the fact that the Arab countries have vast territories and sparse population, whereas Israel has a small territory and a dense population.

The future prognosis regarding the character of Israel after years of ruling a foreign population is also very clear. We are beginning to see disturbing signs of it. Suffice it to look at the moral decline in our behavior in the territories to understand the serious implications for the moral character of the state. In a recent talk I gave to high school students in Givataim, most of the students were in favor of expelling the Arabs, plain and simple. Aren't such feelings among affluent Israeli youth a cause for alarm?

We are being coerced into becoming a nation of masters. We are being forced to make 2 million people a ruled nation without rights. How long can such a state of affairs continue?

Finally, it appears now that there is no chance for another peace treaty in our region, and because of this the peace treaty with Egypt is bound to collapse. Back in January 1980 I spoke on this issue in the Knesset and I emphasized that: "Egypt, despite its sincere desire--and I for one believe in that desire--will not be able to adhere to the peace treaty. It is not possible for Israel to put down disturbances in the West Bank and at the same time maintain peaceful relations with Egypt. Egypt will not be able to keep the peace treaty while it is isolated, boycotted and ostracized in the Arab world. No Egyptian government will be able to last under such conditions and it makes no difference whether or not al-Sadat is the president."

If before al-Sadat's trip to Israel there was little chance of an Arab leader extending his hand to us in peace, now, even if such a miracle occurs, it will bring no results, since Israel will not respond to such a gesture, due to the fact that the disappointment with the peace treaty with Egypt is bound to grow after the withdrawal and that, because of the government's policy in regard to the territories, there will be no basis for negotiations. In other words, if some day Assad, Husayn or 'Arafat were to come here, they will leave empty-handed. Their coming will not change the situation prior to their arrival. It will not open the door to negotiations, the hostility will remain and the terrible cycle of wars will continue.

This is the diagnosis that both the coalition and the opposition should bring to the awareness of the people so as to awaken them from their sweet illusions and their false sense of power, which results from holding on to the territories, and to help them face reality. One should keep reminding the people about the danger facing us, in a moral, democratic and existential sense, if we do not stop this decline and start waking up. This is the only way to change the people's outlook. Such a change can pave the way to taking another risk, a great risk, yet not so great as the risk of endless wars--that is, the risk of far-reaching concessions.

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GROWTH IN WORK FORCE NUMBERS, PERCENTAGE REPORTED

Tel Aviv HA'ARETZ in Hebrew 20 Apr 82 p 4

[Article: "Annual Growth Rate of Work Force Estimated To Be 2.2 Percent Through 1985"]

[Text] The work force is expected to reach 1,467,000 in 1985, compared with 1,318,000 in 1980. This is an average annual growth rate of 2.2 percent compared with 2.8 percent during 1975-80.

According to this estimate, the Jewish work force in 1985 will be 1,312,000, compared with 1,185,000 in 1980. This estimate is based on work force projections for 1980-85, presented by the Work Force Planning Authority to Mr Israel Guralnik, director general of the ministry of labor and welfare.

Purpose of the Projection

Mrs Graciela Chaupman, who has prepared the work force report, points out that 50 percent of the work age population is expected to participate in the work force, compared with 49.5 percent in 1980.

The main purpose of the report is to assess the growth, development and characteristics of the work force during 1980-85. This report, according to Mrs Chaupman, is of particular interest at a time when there is some unemployment, which makes it necessary to study the work force and create employment opportunities.

Work Force Sex and Age

According to the report, there will be a drop in the number of male workers from 63 percent in 1980 to 62 percent in 1985; the number of female workers will rise from 37 percent in 1980 to 38 percent in 1985. Women will represent 50 percent of the net increase in the work force during that period. There will also be a certain increase in the age range of working women.

The report shows an increase in the 35-44 age bracket. However, the overall growth is smaller than during the previous 5 years.

Higher Level of Education

The number of less educated workers (0 to 8 years of school) will decrease, and the number of better educated (9 or more years) will go up, particularly those with 13 or more years of school. The rise in the two groups, however, is less than during the previous 5 years.

The number of university graduates in the work force is expected to reach 163,000 in 1985, a net increase of 25,000.

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ISRAEL

EXPERIENCED OFFICERS HURT BY IDF CUTBACKS

Tel Aviv DAVAR in Hebrew 7 Apr 82 p 18

[Article by Mordkhay Barqay: "Cutbacks in the IDF; Growing Frustration and Bitterness Among Thousands of Personnel Forced To Leave Military Service Because of Defense Budget Reductions; No Cutbacks of Field Units or Operational Air and Sea Units"]

[Text] A new problem, either occupational or social, according to one's point of view, is now simmering. IDF officers who were let go because of budget cuts find it difficult to find civilian jobs. This is due to the fact that the economy has slowed and, subjectively, because they find it difficult to accept jobs that are not commensurate with their professional status. Still, those who find employment--any employment--are lucky, since others have been out of work for months.

The process of manpower cutbacks has been in effect in the IDF for 3 years. But the massive cutbacks, which affect thousands rather than a few hundred, started in 1980, continued in 1981 and will continue--according to the experts--through fiscal 1982.

Defense Minister Ariel Sharon, whose motto is "More defense for less money," has set the goal of reducing IDF manpower by 7,000. So far, there has not been a cutback in compulsory service, although this week for the first time Sharon has publicly confirmed that the possibility of shortening the service from 3 to 2 and 1/2 years is being considered. So far there has been no reduction of reserve duty. Although the number of days of service has been reduced, the size of the reserve forces has not.

The cutbacks, therefore, have taken place in the career army and among the civilian workers of the IDF. The dismissal of 7,000 people will include two-thirds of the former and one-third of the latter, in keeping with their numerical proportion in the IDF. The determination regarding the civilians is made by the military in charge, in consultation with worker unions and in keeping with collective contracts. This means that not everyone slated for dismissal by the commanding officer will actually be dismissed, and not in every case will the nonvital employee be dismissed. Nonetheless, last year some 1,500 civilians were dismissed after consultations with their representative bodies, without any disputes.

There have been long and bitter discussions regarding the dismissal of career officers--whom to dismiss, what criteria to use, which ranks. In 1980, only general staff people were dismissed, whereas last year units and formations were included, and this year it will be necessary to dismiss officers in the rear. However, no field units, air force operational units or naval operational units will be affected.

As for those affected, the first to go are those who are of retirement age (40 and over) who are not vital to the IDF. Thus, if a 50-year-old, who happens to be an outstanding engineer, serves in the IDF and his services are needed, he will continue to serve. Those who retire from the IDF receive a pension, and if they are not much older than 40 they can, at least theoretically, start a new life.

Another category includes those who cannot be reassigned within the IDF. Those whose job is phased out may be reassigned, but for those who cannot be reassigned, they have to draw the necessary conclusions and accept their dismissal.

Another group is officers who have been assigned to a position below their rank. In the past, an officer who served well for 4 or 5 years and could not continue at the same level was given a lesser assignment. For example, a lieutenant colonel was given a major's assignment. Because of the cutbacks, this lieutenant colonel must yield his place to a major.

Other officers who will have to leave the service are those who are not held in high esteem by their superiors. This, of course, is a relative criterion. If, for example, there are five levels of evaluation, such as "excellent," "very good," "good," "fair" and "mediocre," the last two are not in use. There are no mediocre officers in the IDF. Such an officer has long since been discharged. Even a "fair" officer knows he will not last long in the IDF. There are only those who are above "fair." Thus, one who is graded as "good" by his superior will have to go.

For the time being, these have been the criteria for dismissal, in the hope that the required cutbacks will be met. If not, new criteria will be added.

The cutbacks are not only an administrative issue but also a series of small and not so small personal tragedies. Officers who are included in the dismissal criteria complain to their superiors that they signed a contract because they were pressured to do so, and since they have counted on their military career they did not prepare for civilian life and have made financial plans for themselves and their families based on their career. Now they are told, "Sorry, there is nothing that can be done about it."

Despite the difficulties in implementing all of the cutbacks, the IDF is trying to meet two needs: First, be sure that "we have kept the best people." Second, while letting people go, be sure that they are treated fairly and humanely. A directive was sent from the top instructing those in charge of the cutbacks to keep disabled officers (there are some in the IDF) if they cannot find a job on the outside.

In addition, the army provides a period of preparation and training not only for those who retire but also for those who leave before retirement age. Those receive 1 week of salary for each year of service, up to 12 weeks. In addition, the army provides courses in management and orientation in civilian job hunting and puts its people in touch with work places to facilitate the finding of a suitable job.

The ones who are adversely affected, however, are the captains and majors, especially those who served as unit commanders and did not have a chance to study statistics or accounting. Two years ago, 800 such officers received unemployment. Now their number has decreased by several hundred, but the situation has not improved but rather has become worse, since employment opportunities are disappearing precisely because of the forthcoming "massive cuts."

They find it particularly difficult to enter the civil service, despite the fact that nothing is more in the nature of "civil service" than their service in the IDF and despite the fact that their grades are comparable to civil service grades. The main reason (though not the only one) is that the civil service is also being cut back and vacancies are filled by inside people, which also holds true for the Ministry of Defense.

Thus, the defense system is also off limits for IDF officers who are forced to leave the service.

When those officers apply for a publicly advertised job, they usually fail to get it, since the candidates are picked in advance and the job description is written according to the qualifications of the chosen candidates. The IDF has tried to change this practice to give its officers a fair chance.

In the meantime, the feelings of helplessness, disappointment, bitterness and frustration are growing, waiting to erupt.

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CSO: 4423/148

ISRAEL

INTEGRATION IN EDUCATION TO CONTINUE, MINISTRY VOWS

Tel Aviv HA'ARETZ in Hebrew 13 Apr 82 p 3

[Article: "Education and Culture Ministry Director General: Integration in Education Will Continue; 'Success Is Measured by Increase of Intergroup Marriages'; New Instructions for Inquiry Into Accidents in Educational Institutions"]

[Text] Education and Culture Ministry Director General Eliezer Shmueli said yesterday that his office will continue to implement and promote integration, which he considers a top national social priority.

The director general made this statement at a conference of the pedagogic committee of the ministry, headed by Mr David Pur. The meeting was attended by Deputy Minister of Education and Culture Miriam Glaser-Ta'asa, who said that teachers should be better prepared for the integration.

Mr Shmueli said that integration does not mean social interaction between the children of two different neighborhoods but rather the faith of parents, teachers and students in intergroup goals. Since its inception 12 years ago, there has been a change, according to Shmueli, in public opinion regarding the importance of integration. He stressed that most of the hostility that surfaced during the early stages of the integration has disappeared.

No More "Social Cases"

Prof Hayim Adler of Hebrew University argued that the awakening of the public last summer to the intergroup issue should not be interpreted as a mandate to stop educational integration. Such integration, the professor added, is measured by the increase in intergroup marriages. He called on the public to stop treating members of the Oriental groups as "social cases."

Prof Leah Adar of Hebrew University reported on a seminar on this subject conducted under an Israeli-U.S. education agreement. The seminar participants felt that the school program for the integrated classes should be divided into one-third required courses and two-thirds electives. This, she said, would increase student motivation and encourage the less advanced students.

Prof Yehuda Amir, who chaired a public committee appointed by the minister of education to evaluate the integration, said that now that the integration has been established, it is necessary to develop special educational programs for the heterogeneous student population.

Accidents Inquiry

New instructions for inquiry into accidents in educational institutions were issued this week in the monthly circular of the Education Ministry's director general, Eliezer Shmueli.

Inquiries will be conducted for accidents that occur during classes or break or during a school activity that is a part of educational enrichment (clubs, youth group).

In case of an accident, regional directors or youth directors will be appointed to the committee of inquiry. In case of a fatal accident or a mass accident, a national committee of inquiry will be appointed by the ministry's director general, by his deputy or by the chairman of the pedagogic committee. The committees will include inspectors, security officials, a representative of the Histadrut security institute, a representative of the legal advisor, etc. The committees will draw conclusions and present a report.

In case of an accident that raises legal questions, the legal advisor of the ministry will be consulted and the principal will present a report to the ministry. The reports of the committees of inquiry will not be published without the permission of the legal advisor.

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AMAL LEADER INTERVIEWED

Beirut MONDAY MORNING in English No 516, 10-16 May 82 pp 14-19

[Interview with Nabih Berri, of the Amal Movement, by Claude Khoury, date and place not given]

[Text]

Nabih Berri, leader of the predominantly Shiite Amal Movement, revealed last week that Syria had warned Amal, the leftist National Movement alliance and the Palestine Liberation Organization that it would pull the Arab Deterrent Forces out of Beirut and the suburbs if they did not stop their armed clashes.

The warning, Berri said in a private interview with *Monday Morning*, came while Amal was engaged in fierce battles with some National Movement and Palestinian organizations in West Beirut, the suburbs and South Lebanon last month.

He said that although the clashes had stopped, the situation remained "highly dangerous" and must be defused immediately — not by the usual emotional reconciliations but by a clear agreement that defines a framework of action for all groups involved.

Berri charged that, contrary to repeated statements by the PLO leadership that the Palestinians were not involved in last month's clashes with Amal, "most" Palestinian organizations took part in the battles.

He said that in the preliminary meeting in Beirut of the Higher Coordination Committee, which groups Amal, the National Movement, the PLO and Syria, agreement in principle was reached on two points:

- That the PLO should henceforth not involve itself in Lebanese internal security matters, which concerned Amal and the National Movement only, but concentrate on "strategic security" -- defense against Israel.

- That the Higher Coordination Committee should consider ways of handing internal security matters in South Lebanon over to the Lebanese Internal Security Forces.

A third point on which no agreement was reached but which Amal was insisting on was that all arms and gunmen be removed from Beirut and the suburbs, where there was no direct Israeli threat to justify the present abundance of weapons, Berri said.

These matters would be the subject of discussion in the next meeting of the Higher Coordination Committee in Damascus, he said, but that "quadrilateral" meeting would not be held until the consequences of last month's clashes were eliminated and until a minimum level of agreement was reached in the current "bilateral and trilateral meetings."

Berri confirmed that he had submitted his resignation as leader of Amal two weeks ago. He said his move had been prompted by the failure of "the other parties" to implement the decision of the Higher Coordination Committee in Beirut that the consequences of the clashes be eliminated — in other words, that all gunmen be withdrawn from the Southern villages that were the scene of violence so that all the displaced Lebanese can return to their homes.

He said he withdrew his resignation when it was rejected by the Amal leadership council and when action was taken to apply the Committee's decision.

On other subjects:

ISRAEL AND THE LITANI: Berri said that Amal would consider the South Lebanon cease-fire broken if there was confirmation of repeated reports from the South that Israel was preparing to pipe water from the Litani River to Galilee.

"I am saying this for the first time," he stated. "If it is confirmed to me that Israel is exploiting the waters of the Litani, I will call an urgent meeting of the Amal Movement's Command Council, consider this matter a violation of the cease-fire and act on that basis. I will act on that basis to bring woe to everyone — because it is impossible for us to stand idly by as Israel takes the waters of the Litani, which would be the first step toward an Israeli take-over of the South."

He added that if Israel invaded the South, all Amal members and Southerners had orders to stay in the South and fight.

"We will stay, and new Palestinians will be created who will pose a threat not only to Israel but to the thrones of the Arabs as well," he warned.

SECTARIAN WAR: Berri said that the recent wave of assassinations and other attacks aimed against religious leaders and places of worship were obviously aimed at fragmenting Lebanon further by setting sect against sect.

The same objective, he said, was behind the talk about Sunni-Shiite confrontations which accompanied every clash between Amal and the National Movement — rumors which were totally illogical since the "majority" of National Movement members, like the majority of Amal members, were Shiite.

The nationwide solidarity which was demonstrated after the attacks on religious men and places was the best response to the people behind this plot, Berri said, adding: "I do not fear the eruption of a sectarian war in Lebanon."

LOCAL COUNCIL ELECTIONS: Berri suggested that last month's clashes between Amal and the National Movement were precipitated by Amal's rejection of the National Movement's plan to hold elections for "local councils" in West Beirut.

"Although we studied the matter a great deal before we said no to the local councils, there was fighting," he said.

Repeating his party's rejection of the local council project as "a form of autonomy" which would encourage the partition of Lebanon, Berri said that the council elections had been cancelled, explaining: "I believe our brothers in the National Movement are now convinced that it would be difficult to apply the local council idea."

The local council elections were to be held on April 25. The National Movement has stated that the elections have been postponed pending the creation of "better circumstances" and the preparation of similar elections in all other leftist-controlled parts of Lebanon. The Movement, which has consistently denied that the councils are an attempt at establishing West Beirut autonomy, explained the project to *Monday Morning* in an interview which was published in the April 19-25 issue of this magazine.

INTER-SHIITE RELATIONS: Berri said that although there were good relations between the Amal Movement and the Higher Shiite Council, there were often differences in views between the Movement and the Council. This, he said, was only natural and it did not imply that there were "contradictions" between the two bodies.



Nabih Berri stated that during last month's clashes, "something like a warning was sent by the Syrian leadership to me, to Mr. Walid Junblatt (leader of the National Movement) and to Abu Ammar (PLO chief Yaser Arafat), stating that if the fighting continued, Syria would be forced to pull the ADF out of Lebanon, or at least out of Beirut and the other battle scenes."

The warning, he said, reflected "the extreme embarrassment to which the clashes subjected Syria, which has special relations with the Amal Movement, the Palestinian Resistance and the National Movement."

It was out of the question for the Syrians to stop such clashes by military means, since that would entail Syrian military action against one or all of its allies in Lebanon, Berri said.

"They try to avert these clashes through meetings and coordination, and whenever anything happens, we all turn to the ADF to calm things down," he said. "But the Syrian position (warning) last month was very logical. In effect, what they said was this: since they found themselves unable to take military action against the belligerents and unable to remain idle as the clashes continued, the only thing they could do would be to leave the Lebanese arena, or at least the scenes of the battles."

PALESTINIAN

Berri said that although Arafat had denied Palestinian involvement in last month's Amal-National Movement clashes, "the information at our disposal indicates that most Palestinian organizations took part in the fighting. Their participation may not have been ordered by the Palestinian leadership, but the fact remains that they did participate, and the leadership of any party is responsible for the actions of its members."

He refused to name the Palestinian organizations which Amal is convinced backed the National Movement parties in the clashes, stating that all the information available to Amal had been placed at the disposal of a special commission of enquiry made up of one ADF officer, one National Movement officer, one PLO officer and one Amal officer. The four-man commission, formed at the Higher Coordination Council meeting which brought the clashes to an end, was charged with the task of determining the extent and circumstances of each organization's involvement in the fighting, he said.

Berri warned that despite the cessation of hostilities, "the present popular and psychological atmosphere is highly charged and very dangerous. It is an extremely delicate situation, especially in the South."

The Southerners' patience, he said, had been stretched to its limit by a variety of factors, including "Israeli information" dispensing threats of invasion, infiltrators who were instigating clashes among the various factions in the South, and the Arab countries' total neglect of the South's predicament.

ARABS

"The Arabs are treating the South as if it were not part of the Arab world, as if it were a province of China or India," Berri said. "Every once in a while, they send a few piasters to ease their conscience. But we don't want the Arabs' money. What the Southerners want is one of two things: either an Arab decision to wage war, and the Southerners are prepared to go to war along with the rest of the Arabs, or an Arab decision to preserve the South. We can face the possible loss of the South in the context of an Arab war, but we refuse to risk the South for no reason at all. The Arabs' decision now is to give themselves peace at the expense of peace in the South. Most of the Arabs have peace with Israel, and they want the South to remain the only pressure vent. This is something which we can no longer tolerate and which can eventually harm us, the Palestinians and the Arabs — because if the South is taken by Israel, Lebanon will be partitioned, and if Lebanon collapses, the entire Arab world will suffer."

The Arabs, Berri charged, were adopting false nationalist postures at the expense of the South. "They support the South verbally to score points in Arab nationalism while the people of the South are paying the price of the Arabs' so-called principles in blood. What are Kuwait and Iraq and

Saudi Arabia and Jordan and others doing for the Palestinian cause? One Jordanian magazine went so far as to describe Amal as 'the Devil of Lebanon' after a small problem between us and the Palestinian Resistance. Can you imagine the Jordanians saying this, and forgetting all about Black September? No Arab has done more for the Palestinians than the South Lebanese have done: the South took the Palestinians in when all the others were driving them out. No Arab can teach us any lesson in nationalism."

But the Southerners who sacrificed so much for the Palestinians and were ready to sacrifice more expected not to be punished by the Palestinians for these sacrifices, Berri said. "The Southerners expect not to have their villages shelled as a reward. The shelling of villages is tantamount to crossing the Southerners' red line. It has raised tension to a very dangerous level, and it is imperative that this situation be dealt with in a different way — not with the usual emotional, kiss-and-make-up way, but in a serious manner."

Serious efforts to settle the problems that were repeatedly leading to clashes between Amal and the forces of the National Movement and the Palestinian Resistance had actually started in the meeting held last month at the Beirut residence of the leader of the Syrian Baath in Lebanon, Assem Kanso, Berri said.

RESIGNATION

At that meeting, which was attended by representatives of all four members of the Higher Coordination Committee, it was agreed that a framework of action should be worked out for all parties that would prevent future clashes — but only after the consequences of the April clashes had been eliminated: all militiamen should be pulled out of the villages where the clashes occurred to allow the villagers to return to their homes.

It was because action to eliminate those "consequences" was delayed that Berri decided to submit his resignation as leader of the Amal Movement.

"The agreement on the Southern villages was reached in the presence of the top leaders," Berri said. "Later, however, I noticed that the other parties were delaying the implementation of this agreement, to an extent that suggested that the agreement was not going to be applied. That left us no choice but to fight again. And since I knew that fighting would do neither Lebanon nor anyone else any good but would only raise tension and lead to partition, I felt I must give up my duties.

"However, many contacts were made with me, there was a popular rejection of the resignation, the Amal leadership council also rejected the resignation, and the other parties started to implement the agreement — all of which prompted me to withdraw my resignation."

Now that the "consequences" of the April clashes had been eliminated, preparations were under way for a Higher Coordination Committee meeting in Damascus to arrive at a "formula of action" that would be binding on Amal, the National Movement and the Palestinians and that would hopefully avert a recurrence of clashes, Berri said.

The preparations were taking the form of attempts to arrive at a "minimum level of agreement" on the proposed formula through "bilateral and trilateral meetings" among the four members of the Higher Coordination Committee, he said.

He added that the broadlines of an agreement were tentatively approved during the meeting in Kanso's residence last month.

AGREEMENT

"For instance, agreement was reached on the principle that the Palestinian Resistance has nothing to do with internal affairs in Lebanon and the South. The Palestinian Resistance has an agreement with Lebanon to preserve its strategic security, and in this we all support it, but it has nothing to do with Lebanon's internal affairs. Internal affairs are the business of Amal, the National Movement and the Lebanese citizens in general, but not the business of the Palestinian Resistance. Agreement was reached on this point, and we consider this a very important development.

"Another thing that we agreed on was that no matter what problems arise in the future, nothing could justify the shelling of villages. On that basis, we are all considering ways and means to bring the legal forces, and especially the Internal Security Forces, into the South. In other words, everyone agrees that no one can replace legitimacy.

"In addition, I have suggested a third point which is being discussed but has not been agreed upon yet: that all armed men be pulled out of Beirut and all weapons in the capital be collected. I say that over 90 percent of the problems that crop up in Beirut and the suburbs are caused by the abundance of arms in the city. Weapons may be justified in the South, where there is a constant danger from Israel, but what are they for in Beirut? I am calling for the collection of all weapons from all armed organizations in Beirut.

"If agreement is reached on all these things, most of the major problems will have been eliminated."

Berri intimated that last month's clashes were sparked by Amal's rejection of the National Movement's plan to organize the election of local councils in West Beirut.

"Why were there clashes over this matter?" he asked. "In this particular case, I don't believe the Amal Movement was responsible for the fighting. Why? First, because this subject was never discussed by the Higher Coordination Committee; the National Movement took the decision without Amal's knowledge. Had they consulted us, we would have convinced them to stop thinking of those local councils. Instead, we found them taking the decision on their own and imposing their view without consulting us. Why should we impose our views on people? Why not ask the people what they think?

"And then, when they asked us what our position was, we said our position on such matters was well known, but because we did not want it said that Amal wants violence — as you know, there is fighting whenever we say no — we took our time in giving our answer. But although we studied the

matter a great deal before we said no to the local councils, there was fighting. This is unacceptable."

Amal's position on the local councils had not changed, Berri said. "Anything that can lead to the partition of Lebanon is unacceptable to us, and the local councils are categorically rejected because we consider them a form of autonomy that can lead to partition."

He added: "I know why this plan was proposed in West Beirut. It was proposed in imitation of East Beirut. But why should we imitate the wrong things that are being done in East Beirut instead of constantly demanding that these wrong things be eliminated?"

"Incidentally, I have heard many voices raised in East Beirut rejecting the local councils in West Beirut and calling on the West Beirutis to resist them. How can they demand the rejection of something that they themselves are doing? In Hazmieh, taxes are being collected for the Phalangist Party. Why? By what right has the Phalangist Party taken over the Port of Beirut? By what right has it taken over various government departments?"

"I ask Sheikh Pierre Gemayel, in his capacity as president of the Phalangist Party: Why are local councils unacceptable here and acceptable in East Beirut? I am a person who represents what is perhaps the largest Lebanese community, and in that capacity I demand that East Beirut stop imposing taxes. I refuse to have a citizen who wants to register a piece of real estate in Baabda or elsewhere pay a tax to the Phalangists. I refuse to pay a tax to the Phalangists whenever I want to register a car. I refuse to pay two or five pounds to the Phalangists whenever I want to attend a play at the Casino du Liban.

"As a Lebanese citizen, I demand that East Beirut abandon its autonomous administration."

Berri said that the Amal Movement "has consistently held, and still holds, that the local council plan will not go through. And I believe our brothers in the National Movement are now convinced that it would be difficult to apply the local council idea. I believe they have postponed it; indeed, they have cancelled it."

SECTARIAN

Berri stressed that differences of view between Amal and the National Movement must not be seen as sectarian differences, despite all the talk about Shiite-Sunni confrontations which accompanied every clash between the two movements.

He pointed out that Amal's main demand was the abolition of sectarianism in all State institutions, especially in the Lebanese Army.

"Furthermore, although the majority of Amal members are Shiite, we have many Sunni members. And all the other parties in Lebanon have a majority of Shiite members, just as we do. Most members of the National Movement are Shiite. Mohsen Ibrahim (leader of the Communist Action Organization and secretary general of the National Movement) is a *sayyid*, which means that he is more versed in Shiism than I am, and most of his party members are Shiite. So how can a clash between Amal and that party be

portrayed as a Shiite-Sunni struggle? "

The Amal Movement, Berri added, had good relations with the Higher Shiite Council and its vice president, Sheikh Mohammed Mehdi Shamseddin, but their views were not always identical.

"We try to maintain relations of understanding and harmony with all sides, and especially with the Higher Shiite Council, which we respect," he said. "Don't forget that Imam Mousa Sadr is the leader of the Amal Movement and the president of the Higher Shiite Council. In his absence, the council is headed by Imam Mohammed Mehdi Shamseddin, with whom we try to remain in agreement. However, his views on many matters do not always coincide with ours. And it is only natural that the Shiite Council's positions differ from ours. Perhaps its horizons are wider: it is an official institution concerned with all the Shiites in Lebanon, whereas the Amal Movement is for the Shiites and the non-Shiites. That does not mean that there are contradictions between us; it merely means that our views are not always identical."

The Amal Movement, Berri added, had equally good relations with the conservative Sunni Islamic Grouping. "There are contacts and consultations between us — perfectly normal relations. I'm not saying all this to deny the talk of Shiite-Sunni confrontations. It is not a question of Shiites and Sunnis. Our relations with the Islamic Grouping are not based on Shiite-Sunni considerations. We consider the Grouping not a sectarian body but a political weight."

Talk of Sunni-Shiite confrontations was aimed at the further fragmentation of Lebanon, he said. That was also the aim of those who over the past two weeks had mounted murderous attacks on Moslem and Christian religious leaders in West Beirut, Alay, Tripoli and Aramoun.

"They are trying to destroy all vestiges of Lebanon's sectarian coexistence," he said. "The best response we can give is to demonstrate our solidarity, and that, thank God, is what we have all done. This kind of response is the only thing that can convince the conspirators that they are wasting their time, that they cannot get a sectarian war started here."

"I do not fear the eruption of a sectarian war in Lebanon."

The greatest danger posed to Lebanon was not the danger of sectarian war nor the Palestinian danger, Berri said.

ISRAEL

"The information trend these days, the rumors and the propaganda, are all aimed against the Palestinians. This is a big mistake, because we are forgetting the greatest danger posed to us, which is Israel. The Palestinians have observed the cease-fire with Israel since last July. When Israel mounted its air raids last month, I and other people asked the Palestinians not to respond, because we feared that the response would be taken as a pretext for an invasion of the South. The Palestinians cooperated in this and did not respond, thus demonstrating their concern for self-

preservation and for the preservation of Lebanon and the South."

Berri said he failed to understand how the world could accept Israel's logic in South Lebanon. "If an Israeli is killed in Paris, they say this is a violation of the cease-fire in the South. If one is killed near Jordan, they say it is a violation of the Southern cease-fire. Stranger still, if an Israeli enters Lebanese territory and drives over a mine, they say this is a violation of the cease-fire and they send their planes to attack Palestinian positions in Lebanon. While all this is happening, the world is watching idly. I have already talked about the Arab states' attitude, and we all know what the rest of the world is doing — especially the United States."

When President Reagan's special envoy came to Lebanon last, Berri said, he brought with him nothing but Israeli warnings: "Watch out, he came to say: anything you do may precipitate an Israeli occupation of the South. That is why I refused to meet with him. As the leader of a movement which considers the South its major concern and as a South Lebanese citizen, I refuse to receive such warnings."

In contrast, the Lebanese State was heeding the warnings to the extent of allowing Israel to control its actions in the South, Berri said.

LITANI

"I can understand the need for wisdom in a State's behavior in these circumstances, but I don't believe wisdom can justify the State's abdication of its decision-making prerogatives in its own land — in the South," he said. "There is now almost total Israeli hegemony in the South. Lebanon does not even dare to make use of the waters of its own Litani River for its own people, because it is afraid that this might anger Israel. The State is not making more use of the Litani because it is afraid of Israel; I say this with certainty, and I defy anyone to deny it."

"What has the result of all this been? What have the State's efforts to please Israel produced, and how has Israel reacted to the Palestinians' lack of response to their attacks? You have read the press reports about the Israeli decision to start taking water from the Litani, and I believe there is some truth to these reports. Is this not a violation of the cease-fire? If Israel takes over the Litani without firing a shot, does it mean that the cease-fire has not been broken?"

"How do we react to this? We all know how the State will react. It will go to the U.N., and everybody who does not want to regain his rights goes to the U.N."

"I will tell you how I will react, and I am saying this for the first time. If it is confirmed to me that Israel is exploiting the waters of the Litani, I will call an urgent meeting of the Amal Movement's Command Council, consider this matter a violation of the cease-fire and act on that basis. I will act on that basis to bring woe to everyone — because it is impossible for us to stand idly by as Israel takes the waters of the Litani, which would be the first step toward an Israeli takeover of the South."

The Amal Movement would not deal with Israel as it was dealing with the Palestinians, Berri said, because there was no room for comparison between the Israelis and the Palestinians.

"The Palestinians have made mistakes, and there are two ways to deal with those mistakes: we either deal with them patiently or we fight. We tried fighting in 1975, and what has it brought us? The destruction of Lebanon. So we deal with the Palestinians' mistakes in patient talks. But it is not possible to deal with the Israelis as we deal with the Palestinians: the Palestinians are our Arab brothers, but the Israelis have proved themselves to be the arch-enemy of Lebanon, posing a greater danger to this country than they pose to any other Arab country."

Berri added that if Lebanon allowed Israel to help itself to the Litani's waters, the Israelis would not stop at that: "I am certain that they would go another step further" towards a total takeover of the South."

If the Israelis did invade the South, they would not discriminate between Lebanese and Palestinians, Berri said. "Such an invasion would turn us into new Palestinians, with one difference: we will not leave our land. All members of Amal and all the people of the South have orders not to leave their land. We will stay, and new Palestinians will be created who will pose a threat not only to Israel but to the thrones of the Arabs as well."

CSO: 4400/272

POTENTIAL PRESIDENTIAL CANDIDATES VIEWED

Beirut THE ARAB WORLD WEEKLY in English No 664, 17 Apr 82 pp 3-5

[Text] A convergence of views and interests has recently been noted among Lebanese Moslems and Christians, as well as consensus on the need for a strong President for Lebanon. This convergence of views was noted among representatives of the Lebanese Christian population and leadership, of the Moslem conservative population and leaders, in the Lebanese Shiite movement Amal, and, also among a large number of Arab Gulf leaders.

Lebanon has traditionally been a country where the President of the Republic was relatively weak. There was some consensus on this first because it allowed for the continuation of the system of *laissez-faire*, *laissez-aller* in a country built on private enterprise and individual initiative, and, second, because this constituted some form of guarantee for the Moslem communities of Lebanon, in the sense that it ensured some balanced sharing of power between the President and the Prime Minister. There have been many instances where the Prime Minister was stronger, or more influential than the President.

Presidents like Bechara El Khoury, Camille Chamoun and General Fouad Chehab were not considered weak, but the complex intricacies of Lebanese political life and the technicalities of tradition and practice sometimes curbed their power or led to constant bickering over the policies they adopted or tried to impose.

The next Lebanese Presidential elections are only a few months ahead. The past few months witnessed a flurry of activity in all concerned official and political circles and a long list of potential candidates was drawn up. Speculations on who would or who could be elected brought Lebanon back--for a few weeks--to the pre-war era when a presidential election would be the single most important issue of political life. The Lebanese soon became aware of the fact that the main question should be whether or not presidential elections will be held.

Many speculations were made on whether President Sarkis will be re-elected or whether his mandate will be renewed. In more than one occasion, the President made it clear he would not seek re-election and would not accept an extension of his stay at the head of the Lebanese State. He would not,

he said, want to remain simply to manage the Lebanese crisis along the lines it has been following for the past 7 years.

This triggered new speculations as to whether elections would not take place and would be replaced by the formation of a new government under a Christian Prime Minister. The new government, to be formed by President Sarkis before stepping down, would rule the country, dissolve Parliament, organize new elections and hand over power to a new President one or two years later.

Up until very recently, the general feeling among observers was that the next Lebanese President would be another Elias Sarkis, a man with no power of his own whose main task would be to make sure that the more powerful political and paramilitary forces remained on good terms with one another, that administrative and economic matters were expedited and that Lebanon would continue to survive until such time when the settlement of the Middle East crisis allowed for the settlement of the internal Lebanese crisis. There was a feeling that bringing to power a President who means to rule the country and restore the State's full authority over the entire Lebanese territory was simply out of the question and would never be accepted by any side.

Lists of names were made up and discussed along these bases but tension erupted and concern grew when the main sides in presence on the Lebanese scene announced they would name candidates: Damascus and the Lebanese Leftist National Movement appeared bent on having former President Suleiman Franjieh elected to the Presidency. This was considered by the Lebanese Front as tantamount to a declaration of -political- war and speculations had it the Front would name Lebanese Forces' commander Bechir Gemayel as its presidential candidate. The seriousness of the conflict which would erupt should this be the case prompted observers to recommend a candidate of "compromise", someone who would be acceptable to all sides, to the Lebanese Forces, to the Syrians, to the leftists, to the Palestinians, to the Gulf states, to the Soviet Union, the United States, and the conclusion, again, was that it would be Sarkis again or someone very much like him.

Then, changes occurred, both on the external level, and on the domestic scene. The United States suddenly announced one day that it favoured the holding of "free and democratic" presidential elections in Lebanon, and that it would make sure Syrian military presence would not be an obstacle to such a climate. This declaration, although it was not accompanied by details as to how, when and where the United States intended to see Syrian forces pull out, raised new questions. Without Syrian military presence in Beirut, at least, new possibilities were envisioned and questions were asked to influential leaders and powers outside and inside Lebanon.

A former Lebanese Prime Minister who has recently conducted a tour of Gulf states returned to Beirut with the impression that if Syrian forces left Beirut, the Gulf states would be willing to play a role in the next presidential elections and would back a "strong" Lebanese President. The argument was that the Gulf states do not have the military power to influence

developments in Lebanon, but if no other side had a military presence on the stage, they could and would have their say in the next elections.

This attitude was conveyed to the traditional Moslem leaderships of Beirut. At the same time, developments in Lebanon contributed to alter the picture of the situation. In the regions under Lebanese Front control, moves for a rapprochement with the Lebanese Moslem population of other regions was launched by the Lebanese Front which called for agreement between the two sides on the future political status of Lebanon. Direct and indirect contacts were held to agree on the "future" Lebanon in general and on the next Lebanese President in particular, although the main question remained whether circumstances would allow the elections to take place.

In the meantime, in Parliament, committees were formed to discuss the coming elections and Speaker Kamel Al Assaad, according to sources, decided to entrust a committee with the task of defining and listing the qualities and qualifications the next Lebanese President should have, on the basis of consultations with the various political leaders and sides.

On the other hand, in West Beirut, a new situation emerged recently with the National Movement's decision to have the population elect "Local Councils" in West Beirut. The controversy this project has created has underlined the influence and representativity of some of the traditional Moslem leaderships of Beirut and underlined also the decrease in popularity suffered by the leftist alliance in this part of the country. But the most notable development was that the project triggered more calls than ever before for the restoration of the State's authority and for the reconstruction of a state capable of assuming all its responsibilities.

Concessions must be made by all the sides to the Lebanese President and State to enable them to function properly and assume power and responsibility. However, most sources agree that no concessions will be made by the sides to President Sarkis, because his term is almost up and because he may not, therefore, be able to use these concessions. They will wait for his successor.

Who would he be? Some have it former President Camille Chamoun is a potential candidate, who would be acceptable, but only as a President of transition who would not stay for more than two years in power. His old age plays in his favour, and the fact that he has not posed conditions, too. Another potential candidate is National Bloc leader Raymond Eddé, who is liked by Moslems and Christians, has not been involved in the crisis and speaks up his mind frankly. But he is insisting on complete Syrian withdrawal from Lebanon.... Yet another candidate would be Lawyer Georges Jabre, the negotiator who acted as mediator between Damascus, the Phalangists and Franjieh for the release of prisoners and is deemed acceptable to all sides. The last name in the list is that of Colonel Gaby Lahoud, a former head of Lebanese Army intelligence, now living in Spain, and who has maintained sound relations with most of the sides concerned, even with Egypt and the Gulf states. He is soon to be appointed head of the presidential palace room of military operations.

CSO: 4400/248

BRIEFS

EXPORT INCREASE--Lebanese exports were worth LL 5.4 billion in 1981 (LL 1 = \$0.20 at today's exchange rate). This was an increase of 31 per cent over 1980 exports of LL 4.1 billion, according to figures published last week by the Beirut Chamber of Commerce and Industry. The Chamber's report indicated that the Arab countries remain the principal market for Lebanese products, followed by the countries of the EEC. Arab countries absorbed 84 per cent of total Lebanese exports, amounting to LL 4.5 billion. Common Market countries accounted for only LL 230 million, or 4 per cent of the total. The Chamber's report noted that Iraq's share of the market for Lebanese exports has progressively increased over the years from 5 per cent in 1977 to 17 per cent in 1980 and 26 per cent in 1981. Currently Iraq stands together with Saudi Arabia (27 per cent) as the main importers of Lebanese products and Iraq is the leading importer of Lebanese industrial exports. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 16, 19 Apr 82 p 6]

CSO: 4400/248

COMMUNIST PARTY LEADER DECRIES DISUNITY OF LEFT, REPRESSION

Beirut AL-HURRIYAH in Arabic No 1055, 15 Mar 82 pp 22-24

[Interview with Secretary General of the Party of Progress and Socialism Ali Yata by AL-HURRIYAH: "Morocco Has Entered a New Stage Which Is Distinguished by Repression"; date and place not specified]

/Text/ Domestic conditions in Morocco have seen many developments since the 20 June 1981 upheavals. The past months have witnessed campaigns of obvious repression against forces opposed to the authorities, and at the same time the economic and social crises have become aggravated.

In this issue, AL-HURRIYAH meets with the fighting man Ali Yata, secretary general of the Party of Progress and Socialism, the party's deputy in parliament, and the person supervising the issuance of both the Arabic and French versions of the newspaper AL-BAYAN.

The importance of this meeting lies in the fact that is taking place with the person in charge of one of two major parties in the country that are taking a stand in opposition to the regime on the official and popular levels, especially following the repression and arrest of the Socialist Union of People's Forces leaders. Proceeding from the need to conduct a dialogue with all Arab progressive powers, we are publishing the conversation, while pointing out that we differ over the definition of the main link in the struggle in this stage, as we consider that it is concentrated first of all in the domestic social and political struggle. We also have an essential difference over the Perseverance Front's role: while we agree with the criticism made of it, reality confirms that the front has played an effective strategic political role in resisting the Camp David policy and such reactionary Arab defeatist schemes as the Fahd plan and the Saudi-Moroccan axis' attempt to renege on the Baghdad conference's resolutions on breaking the embargo of the Egyptian regime, which was shackled by Camp David.

We Had Expected an Escalation of Repression

/Question/ Recent months have witnessed an obvious escalation in the authorities' attack on the people's buying power and the tightening of the noose around democratic and progressive forces; this was recently crowned by the arrest and trial of the Socialist Union leaders. Are all of these things signs of a new stage distinguished by repression by the authorities and the end of what has been called the democratic process?

What, in your opinion, are ways in which the opposition can be active without having its struggle result in the authorities' gaining new ground?

/Answer/ The authorities' escalation of their attack on the people's buying power in the past months and the tightening of the noose around the democratic and progressive forces, along with the arrests in the ranks of the fighting members of the Party of Progress and Socialism and the Democratic Labor Confederation that have accompanied that, have not surprised us. Rather, we were expecting it, because all the evidence pointed to it, especially since the economic and social crisis had reached a point of unprecedented deterioration.

Does that mean the end of the democratic process?

The answer to that question brings us to another question: what is the democratic process?

In our evaluation, the democratic process that exists is not the exemplary democracy that we are aspiring to, it is not the end, and it does not mean that we have attained the desired goal and can sleep peacefully and securely. The road is a rough one and is not paved with roses. The issue, to us, is one of struggle and balances of power. We do not believe in the principle of "everything or absolutely nothing." We are struggling to wrest democratic gains; when we obtain some, we use them as the base for a takeoff to obtain more, and so on.

Since the question is one of struggle, and the struggle is governed by the existing balance of power, it is natural that it should experience an ebb and flow, a waxing and waning, forward progress and steps backward.

Therefore we say that Morocco has indeed entered a new stage which is distinguished by repression on the part of the authorities, but that does not mean the end of the democratic process. Rather, it is just a retreat. The democratic and progressive forces must regroup and reassembly in order to regain lost positions and gain new ones.

The methods by which it is possible for the democratic and progressive opposition to succeed in this, that is, to be active without the authorities winning new positions as a result of their struggles, may be summarized in two main points:

First, uniting ranks and concentrating efforts, on grounds that the formation of a bloc is a basic condition for success in the performance of their historic mission.

Second, observing the existing balance of forces and acting in accordance with its premises, while of course acting to change it. This is because the basic error to which certain parties to the democratic and progressive opposition succumb, as in recent months, is improperly to evaluate the balance of forces, inflate their intrinsic resources and give the ruling party the chance to move from a defensive to an offensive position; the temporary result is well known.

The Important Thing Is for the Influence of the Party of the Working Class To Grow

/Question/ The 18-20 June uprisings embraced broad segments of the Moroccan people and affirmed the importance and the growing size of the role of the working class, the quasi-proletariat and groups of the petty bourgeoisie. Will the growth of this role lead to the emergence of new methods and the occurrence of a qualitative transformation in political action? The same applies to trade union activity, which is going through a state of fragmentation in Morocco?

/Answer/ There is no doubt that the growing size of the role of the working class, the quasi-proletariat and groups of the petty bourgeoisie will lead to the emergence of new methods of political action and will create a qualitative shift in trade union action.

However, in our opinion this is contingent on the extent to which the influence of the party of the working class over the other leftist forces grows. This growth will have the effect of guaranteeing strong unity among the various detachments of the left and consequently will enable it to bring trade union activity out of the state of fragmentation that it is becoming familiar with.

The New Rulers in France, between Programs and Practices

/Question/ France has witnessed significant changes since the French Socialist Party managed to take power. In the face of these changes what are your expectations regarding French policy toward the Sahara problem, especially since the Socialist Party's relations with Polisario are strong and there is mutual recognition between them?

/Answer/ We make some distinction between the positions of the Socialist Party and the policy of the French government; the positions of the Socialist Party before it came to power were based on a position of opposition, and it stood to lose no interests in the form of relations with certain countries.

However, the French government has interests and is compelled to preserve them, especially since it in turn suffers from severe international pressures, especially from the United States of America.

Therefore we state that France, the government, is seeking to retain its allies and at the same time is seeking to win new ones. It is not in its interest to acquire adversaries or push allies into the arms of the United States.

This means that the French government views the Sahara problem from the perspective of its interests before all else; as for principles, these come second. That is the situation as we see it, or as it appears to us. That is well understood, although it would be naive to believe that the French government is still alienated from Socialist Party policy and not subject to its directives.

We are waiting for France to draw back to some extent from support for Morocco. One sign that indicates this is the fact that the meeting of the joint Moroccan-French committee attended by Foreign Minister Claude Cheysson was marked by a sort of coolness.

More than that, France has seen nothing embarrassing in agreeing to the opening of a Polisario office in Paris.

The Common Denominators of the Moroccan Left Are Numerous

/Question/ Front-oriented activity in Morocco among progressive and democratic forces is still at a low level; conversely, we see that the ruling class alliance is becoming more vicious and intense in confronting and repressing the opposition. Your party recently called for an alliance of the Moroccan left.

What is your conception of such an alliance?

What in your opinion would the common program of such an alliance be?

/Answer/ It really is sad that the progressive and democratic forces in Morocco remain dispersed and at odds at a time when the ruling class alliance is closing ranks.

Our party has given warnings of this rift for some time. Therefore it has always been concerned to call for the formation of a coalition on the left. This call was made not recently, as stated in your question, but rather years ago. Most unfortunately, we have not yet met a positive response, although the circumstances of class struggle that the masses of the people are waging have put us and the other detachments of the left in a single trench and have led to the pursuit of joint activities which, in spite of their limited nature, are to be considered tangible progress along the road to the unification of ranks.

Our conception of the alliance of the left proceeds from our analysis of the current stage of history our country is going through, which is the stage of national democratic revolution, the stage of working for the sake of the consummation of territorial unity which will be realized only with the restoration of the towns of Ceuta and Melilla and the Canary Islands, and the struggle for the sake of the economic and social progress of the country and the implantation of democracy.

The common denominators of the detachments of the Moroccan left, especially between the Party of Progress and Socialism and the Socialist Union of People's Forces, are many, and some of the political and ideological disputes, at the present time, should be considered secondary in comparison with the basic struggle.

Our conception therefore may be summarized in coordination of action, in terms of leadership and base, for the sake of the struggle to guarantee territorial unity and the consolidation of the domestic front, that is, uplifting the standard of living of the masses of the people and imposing respect for democratic freedoms.

The Perseverance Front Resolutions Must Be Carried out

/Question/ The National Perseverance and Steadfastness Front held its fifth conference a few months ago in Benghazi, and produced a number of resolutions on the American-Israeli alliance. What is your opinion on the resolutions of its latest summit?

How does your party evaluate this front's role in terms of what it has done so far?

/Answer/ Frankly, the ambiguity that exists when one evaluates the activity of the National Perseverance and Steadfastness Front lies in the context of execution, not of resolutions. What is the point of adopting resolutions if they are not followed through?

It is sad that the front keeps making resolutions. Its resolutions are important, certainly, but there are no signs of execution or tangible results. The bodies concerned must possess the courage to acknowledge this state of affairs and conduct self criticism not in word but in deed, that is, by bringing its resolutions into practice and putting its statements where its actions are.

Otherwise, it would be better if it did not make resolutions, because the results will inevitably be contrary to what is intended. I mean that when the Arab masses hear a grinding sound but see no flour, their despair will increase and their loss of confidence will be reaffirmed.

The Iraqi-Iranian War Has Grave Repercussions

/Question/ The Iraqi-Iranian war has entered its second year. In your view what beneficial ways are there for putting a stop to this war? What are your evaluations of the repercussions of this war on conditions in the Arab Gulf region?

/Answer/ There is no beneficial way for putting a stop to the Iraqi-Iranian war except through negotiation and mutual understanding of what is best, especially since this vile war is harming not just the Iraqi and Iranian people but also all the peoples in the area, since it has most grave repercussions on the Arab Gulf region, as it gives imperialism a justification for building up its military presence on the excuse that the oil wells are being threatened.

Well known bodies are also exploiting this war to promote the claim that a settlement of the Palestinian question does not of necessity mean a settlement of the Middle East crisis, on grounds that the Iraqi-Iranian war has become part of this crisis.

The Groundwork the Democratic Front Is Laying for the Arab Left Is Positive

/Question/ The Democratic Front for the Liberation of Palestine, in the report issued by its second general national conference, has presented a notable contribution to the development of action among Arab liberation movement and perseverance forces.

It has presented all leftist and democratic revolutionary forces with a program for joint struggle and agreement on developed political, organizational and fighting groundwork.

How do you evaluate the resolutions of the front's second general national conference? What, in your opinion, is the common program for the Arab democratic and progressive forces?

/Answer/ In brief, it is possible to say that the groundwork the Democratic Front for the Liberation of Palestine has offered as a program of joint struggle is to be considered positive all in all.

I would like to be given the opportunity to meet again with the readers of AL-HURRIYAH to go into detail in evaluating the resolutions of the second general national conference of the front.

The basic focus of the common program of the Arab democratic and progressive forces must be:

Antagonism to imperialism, Zionism, reaction and foreign monopolies, support for friendship with the socialist countries, and backing for the people's just causes, with respect for the internal affairs of all parties, without renouncing the obligation of solidarity and support.

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CSO: 4504/263

PUNITIVE MEASURES AGAINST PRO-MUJAHEDIN VILLAGES DESCRIBED

Karachi JASARAT in Urdu 8 Apr 82 p 3

[Article by AAP correspondent Sargul Spein: "What I Saw in Afghanistan"]

[Text] Mr Sargul Spein, special correspondent of Agency Afghan Press, arrived in Pakistan after visiting five Afghan provinces for 11 weeks. Twenty-eight year old Sargul, after graduating from the Kabul University in 1977, worked as a government employee for a while. He traveled extensively in his native country. He has a good insight into the history of the recent past and is a close observer of the clandestine activities of the freedom fighters. There was an attempt in June 1980 to arrest him because of his close associations with the resistance movement. Therefore, he emigrated to Pakistan where he established a liaison with prominent Afghan leaders. He traveled in Afghanistan with many teams of Western journalists and in December 1980 became connected with the Rawalpindi office of Agency Afghan Press. He intends to write his observations of his recent travels in a serial form for Pakistan newspapers.

Along with a group of freedom fighters I was going to Ghazni from Paktia. We were traveling on the road which begins from the provincial capital of Sharnah and passing through the beautiful valley of Chaha Baran goes towards Orgon. Freezing cold forced us to stay at a roadside inn called 'Samovar.'

Suddenly the door burst open and a group of guerrillas (which, we came to know later, was 24 strong) entered. The first person to enter, in a voice quivering with cold, demanded of the innkeeper to put more wood in the stove. "We are dying of cold. Make more fire and give us soon something to eat," many of them blurted out simultaneously. Then they began the refrain in impatient tones: "Bring the food, quickly, quickly." An employee of the inn was putting wood in the stove so that his customers may be comforted but they continued their refrain with great impatience.

I said to one of them: "Please wait a few moments. Surely the innkeeper will give you food." My addressee, in a tone which was to assure me that his impatience was justified, responded: "Let me warm up a little so I can talk."

A few moments later, he spoke again, now with less impatience: "Forgive me, brother; my companions and I have been hungry for the last 2 days. In these 48 hours we have faced the enemy twice. Cold, fatigue and hunger have rendered us half dead."

Feelings of embarrassment appeared on their faces after the food was served. They did not have enough money to pay their bill, they said. They were all from Ghazni, they added, and were participating in raids on military caravans traveling on the Kabul-Qandqhar road. Now, crossing the border, they wanted to go to Northern Waziristan where their families were taking refuge.

On my asking about the war situation of the region, one of them said that the Russian Red Cross people are distributing grain among the villagers. He had actually heard this from someone else and was surprised. Prior to this, Russian troops used to take the grain away from the villagers and make every effort to harass them. I also wondered what might be behind this Russian campaign. The answer came the very next day in the form of a frightening spectacle.

At midnight, riding in a vehicle taken from the Russians in some skirmish, we departed towards Ghazni. We continued traveling until 2200 the following morning. It took us 10 hours to travel a mere 100 kilometers on the mountainous, unpaved road. The army truck shook on the ascents, and in the valleys, where the path was a little level, we had to turn off the headlights for fear of gunship helicopters. From the northern, hilly region of Ghazni, we proceeded towards Rabat, a large hamlet 3 and 1/2 miles from the historic city, and spent the next night near the village at a stronghold of freedom fighters.

Before dawn the following morning, there was a knock at the front-line headquarters by a horserider. He informed us that 200 soldiers, with tanks and 10 trucks, had surrounded the village. Somehow he had slipped through the cordon. The encircling soldiers were constantly announcing on the PA system that the Russian Red Cross had sent the grain for the villagers and that they had come to distribute it among the villagers. The announcement was asking the people to come out of their homes and inform them about their names and their families. Soon the commander of the freedom fighters ordered that 100 freedom fighters, after erecting the barricades between Ghazni and Rabat, should size up the Russian troops.

The 31-year-old commander of the freedom fighters, whose assumed name for war purposes is Hanif, remained at the headquarters and I with him. From the village 2 kilometers to the north, the messages about the situation were constantly arriving. We could clearly hear the voice from the PA system installed on the tanks.

The villagers, having come out of their homes, had gathered in the village ground. Behind them, the Karmal soldiers were going around knocking at every door and saying that the presence of men was necessary for receiving the grain. There were on the ground, in addition to women and the aged, 150 children ranging in ages from 5 to 12.

A Karmel officer with a Russian on his side, and a microphone in his hand emerged out of a tank, and after reaching the people gathered, began to address them loudly:

"Ladies and gentlemen, on the anniversary of the (27 April 1978) Revolution, while thanking the Russian Red Cross, I wish to tell you about the Russian activities in aiding the Afghans. These in fact, have been going on for the last 50 years. There has been an appreciable increase in it since the beginning of the second stage on 27 December 1979. They have helped in many areas, namely, agriculture, industry, education, defense, etc."

After he ended the long speech, during which he often asked the soldiers to protect the people, he ordered a clerk to write down the names of the people. The list completed in a few minutes, he took it to some persons sitting in the rear of the tanks.

Suddenly the tone of the speaker changed and barking at the people, he said that they (the people) aided the freedom fighters. The government has decided, he further added, to finish off every such individual or a family who would aid the freedom fighters.

Now people realized that they had fallen into a trap. Because of the women and children they felt totally helpless. The voice from the loudspeaker did reach those 100 freedom fighters who were sent in advance to erect the barricades on the road. They were in a quandary. They wanted to act but it would have put the women and children in the clutches of death.

In the meantime a man got down from an armored vehicle--the kind commanders use for themselves. He had a mask on. The people he pointed out were separated from the rest and were taken near the tanks. In order to inform the masses of the activities of Russian Red Cross, a team of Kabul Television was recording the scene. Another man approached the speaker from the tanks and thereupon he began to say: "These people will be taken to the governor so that these people may be helped in his presence." Thus, altogether 33 people were put aboard the tanks.

Their faces turned pale with fear and they did not know what was to follow this strange rounding up of people. The speaker then turned to the soldiers and asked them to make a thorough search of the houses since there were reports of the freedom fighters hiding there. The soldiers rushed towards the houses whose residents had already been put aboard the tanks. The soldiers were soon back with the grain taken out of the houses. It was loaded in the trucks.

It was the grain and flour which people had hoarded for the long and trying winter of Ghazni. After the advent of Russians there remained no market for the grain and the people who did not own farms had to go through hell in getting their meals.

The speaker told the crowd that the people whom the soldiers were taking along will soon be returned after their meeting with the governor. Just as the

soldiers were boarding the tanks and the trucks, two gunship helicopters appeared in the horizon and began to hover over the crowd. Thus, the military convoy, leaving the unarmed villagers perplexed and frightened, left for the military headquarters of Ghazni under the watchful eye of the helicopters. The freedom fighters, who had decided to launch the attack, could do nothing because of the 33 innocent hostages in the hands [of the Russians].

Three days passed but not a single villager returned to his home. The fourth day 10 senior citizens called upon the governor and expressed their concern for their relatives. The governor told them that no one from their village was brought to his office. When the plaintiffs asked for his help, he became outraged and said, shouting at them: "I am not an employee of armed forces, I work for the Ministry of Interior." Then, the delegation of senior citizens went to the army headquarters. There it was told that the 33 men had been sent to Kabul. Heartbroken, the members of the delegation returned home. They had no idea of the plight of their relatives and truth in what had been told to them. A week passed in the saddened and desolate village. The village knew that there was very little hope of the return of the people taken away by the government. But this was not a common day event in a post-war country. It was much more grave and mysterious.

On the eighth day, 8 December, three gunship helicopters passed over the village. This was the 13th day of the moon and the whole village was bathed in moonlight. The helicopters bombed the village and then one of them landed near the river. The other two helicopters continued to hover in the sky guarding the third. This mysterious flight of the helicopters really worried the villagers.

The following day, the villagers saw a young shepherd (who had gone to the river with his animals) running towards the village, shouting and tearing his hair. Tears were rolling down his cheeks and he was saying, in a hysterical voice: "Oh God, give me your forgiveness. What is this punishment being inflicted on me for?" People ran to him to help and comfort him. But, before they could find out the cause of his affliction, he fell on the ground and became unconscious.

Water was sprinkled on his face and his hands and feet were massaged. Half an hour later he opened his eyes. People who presumed that the soldiers had taken away his flock, asked him the cause of his misery. The shepherd opened his mouth to speak but the words would not come out. Tears welled up once again in his eyes and his lips began to tremble with emotion.

Finally, gathering all his courage, he somehow got up and signaled to the crowd to follow him to the river. They had gone but a few steps when the shepherd fell again and became unconscious. This time all the efforts to revive him failed.

The villagers saw a few scattered papers and they picked up one lying nearby. It turned out to be the identification card of his uncle who had been taken away by the soldiers on 1 December. They saw a few more identification cards lying around which also belonged to the other people who had been taken away. Then,

out of curiosity, they looked down the well near which these papers were found. The well was full of dead bodies.

It was hard to identify the bodies or to take them out of the well, as they had been covered with acid. Assistance was requested of the nearby headquarters of the freedom fighters. Dressed in outfits which could resist the acid, the freedom fighters got the bodies out of the well. All the bodies were badly mutilated and had marks of knives, bayonets and bullets.

Readers of these lines in any language in any part of the world: This was not the sole horrible event during the 11-week period which I witnessed Russian desire to win at any cost; and Afghan desire to regain freedom at any cost is creating many such episodes. Would you like to hear them?

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CSO: 4656/6

FINANCE MINISTER DISCUSSES ARAB ECONOMIC COOPERATION

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 pp 28-31

[Interview with Shaykh Muhammad Aba al-Khayl, Saudi minister of finance, by Rashid Hasan: "Aba al-Khayl: Positive Use of Money Weapon Is Likely; Method of Threats Is Futile; Our View of Our Interests as Producing Country Is Long-Range View That Differs From That of Other Countries; Polish Debts: Possibility of International Banking 'Upheaval' and Some Banks Will Need Time To Overcome Shock; Future of Gulf Cooperation: Gulf States Will Become One Area Within 2 Years and Their Market Will Turn Into International Financial Center; Arab Cooperation: We Support Joint Arab Projects But Did Not Approve 'Central Pan-Arab Planning'; Regional Blocks Must Be Encouraged Because They Reduce Differences and Help Harmonize Regimes and Realize Economic Integration;" date and place not specified]

[Text] Shaykh Muhammad Aba al-Khayl, the Saudi minister of finance, is perhaps the Arab economic official most closely scrutinized and followed by observers. In his position of responsibility, Aba al-Khayl is considered the "economic and financial brain" of the Kingdom of Saudi Arabia. Internally, he is the "maestro" of government spending and the eye watching the economy and finance machine and the growth of the system's structure and institutions. Externally, he is the fundamental authority in whatever pertains to the kingdom's financial relations with other governments and countries, investment policies, foreign aid and regional Arab and Gulf cooperation.

But it is unfair to attribute the influence and the prominence that Shaykh Aba al-Khayl enjoys to the position he holds and to what this position represents. It is obvious that the man's strength emanates from his intelligence, his high capability, his strong presence and his superior skill at negotiation and presentation. Those who have had the opportunity to work with him at Arab and international meetings do not conceal their appreciation for the Saudi minister of finance "who knows what he wants and knows how to express what he wants in a style that combines balance with a strong logic, a firm tone and a flexibility that does not close the door to opportunities for compromise."

In this interview, which we have wanted to be a review of the most important economic issues facing the kingdom, Shaykh Aba al-Khayl touches on some of the most significant mainstays of Saudi policy in the sphere of economy, investment and Gulf and Arab cooperation. He also notes the issue of Poland's debts and their possible ramifications for international banking and for Arab banking activity abroad.

[Question] Some reports have been speaking of the Kingdom of Saudi Arabia's inclination to lower its oil production. Is this done in light of the given facts of the world market or in accordance with an understanding with OPEC members?

[Answer] The kingdom has been determining and still determines the volume of its oil production on the basis of world market conditions. This is something that must be understood clearly. When the market needed large quantities, it was natural for us to raise our production with the aim of meeting the demand. But now that there is a drop in this demand, it is natural for us to lower our production. Not everyone may think this way. This, too, is natural because each producer considers his interests as a producing country and is influenced by these interests and circumstances when determining his policy. As far as we are concerned, we see our interests as an oil producing country with a long-range view, perhaps much longer than the view of other countries.

Arab Investment Is More Secure

[Question] What, in your view, are the inclinations and developments of Saudi investment in the Arab countries?

[Answer] The kingdom encourages the Saudi private sector to operate in the Arab countries because they are more secure for private investors in the short and long range compared with investment anywhere else. The kingdom has also encouraged the establishment of joint companies with a number of Arab countries even though we do not believe in public sector companies, except in special cases. The kingdom has done this with the aim of creating cooperation precedents and climates that encourage individuals to venture, keeping in mind that we have always insisted that such joint ventures be operated and managed on purely commercial bases. The kingdom is one of the biggest participants in these joint companies in more than one Arab country and one sector.

As far as the Saudi private sector is concerned, it is an active sector. If no data is available on individuals and their investments, this does not mean that this sector's activity is limited or meager, especially since we, as government agencies, do not interfere in the activity of Saudi businessmen and, do not require them to disclose their projects or to get our permission for such projects.

Saudi Investment in Tunisia

[Question] During your stay in Tunisia recently, you made contacts to develop various aspects of economic cooperation and Saudi investment in Tunisia. Have you discussed new projects and what is your general evaluation of the actual state of Saudi investment in Tunisia?

[Answer] Until a short time ago, the Saudi government's activity in Tunisia was confined to the financing advanced by the Saudi Development Fund to development projects carried out by the Tunisian authorities. But there are strong possibilities for developing this cooperation and to expanding its sphere. The fund has embarked on new partnerships in Tunisia. Recently, joint developmental establishments with the potential for increased participation have been founded.

As for the private sector, it has engaged and continues to engage in tangible activity. In fact, I don't have precise information on the volume and sources of this activity even though I believe that a major part of this activity is concentrated in the tourist sector. In this regard, as I have already said on a previous occasion, I believe that the tourist sector in Tunisia has reached the saturation point for some time to come. I also believe that the Saudi [investor] must realize that the opportunity available or that may become available in this sector is no longer the same as the opportunities available until recently. The investor must also realize that more opportunities are open in other sectors and that it is better for him to turn to these sectors. The fact is that we recently started a joint company with the Tunisian government and I attended this company's general meeting. It is worth noting that the company has begun implementing a dairy production project. Moreover, the company will not, as a matter of principle, devote any attention to tourism but will focus on agriculture and agro-industry.

[Question] What, in your evaluation, are the desired results expected of the Arab investors conference that will be held in al-Ta'if on 29 March?

[Answer] I believe that any occasion when Arab businessmen and officials meet in open symposiums or sessions not bound to any official viewpoint will certainly be beneficial and will contribute strongly to the development of common information and an understanding of inclinations. By the way, we in the kingdom welcome Arab investors who can work with the Saudi private sector on an equal footing. There are productive and profitable economic projects. There is an advanced and open system for the investment of foreign capital and there are good work relations, rewarding profitability and large and generous incentives.

International Investment Is Not "Gratifying"

[Question] What is the kingdom's external investment policy in light of the international activity of SAMA and of some of the transactions it has concluded in some markets recently, especially the Japanese market?

[Answer] The kingdom's middle-range investments have no path other than the path of diversification, including the employment of a fundamental part [of the investments] in the international markets, keeping in mind that we do not get involved in long-range investments or in real estate investments. As for the private sector, the government has no control over it. If we consider the climate prevailing at present, it must be admitted that external investment is not "gratifying" or reassuring. Economic problems are worsening in nearly all of the industrialized countries. Moreover, the political circumstances do not seem to be encouraging. In any case, we have a wise popular proverb in our country, which says, "money that is not in your country is not yours or your children's." This is largely true. As a government, we are committed to this wisdom and all our programs seek internal development first and then seek to encourage Saudis wishing to engage in external investment to turn to the Arab countries and the Islamic countries, because no matter what the problems facing the creation of profitable opportunities or the facilitation of projects in these countries, they remain problems that can be solved through cooperation and mutual trust, whereas such hospitality and flexibility may not be present in the foreign countries. Therefore, it must be said that our presence abroad is only a temporary presence tied to the narrowness of the markets in which we operate and to the absorption capacity available. The greater the Saudi and Arab economy's absorption capacity, the lesser will be our need to keep our monies in foreign markets and, consequently, the lesser our reliance on these markets will be.

Poland's Debts and Their Ramifications

[Question] Poland may declare suspension of the payment of its debts to the international banks. What are the likely ramifications of such a development to Arab money, to the possibilities of expanded Arab banking abroad and to international loan transactions?

[Answer] The kingdom has had no direct loan activity with the Eastern bloc countries in the past and has none at present. But as far as I know, the issue of Poland's debts is now a source of concern to international banks. The banks that will be most strongly affected by the problem are the European banks, especially German banks. However, I do not expect this problem to lead to financial collapses. An "upheaval" may occur and some Western banks may need time to absorb the shock and to overcome the consequences of the crisis. But it is certain that they will overcome the consequences. It must be said that the soundness of the international economic system is important to the entire world, including the developing countries.

[Question] In recent years, the idea of having the surplus-possessing countries engage in direct government-to-government loan transactions has been projected. Are the Gulf countries moving in this direction and to what extent do these countries possess the expertise necessary for such transactions?

[Answer] Government-to-government loan transactions will increase in the future. A large part of the surpluses is government-owned to start with. Moreover, a large part of the borrowing demand is generated by government needs connected with balances of payments, with financial conditions generally and with high-cost projects. There is nothing to prevent financing such needs through direct transactions between the two parties concerned without the middleman of the international banking apparatus, especially since Arab banking expertise and the facts gained from experience are capable of evaluating such direct transactions. I believe that the Gulf area will turn into an international financial center in the near future and that the international activity of this area's financial institutions will continue to grow as long as the area countries continue to be a source of capital, be it government and public sector capital or private sector capital.

Money as Political Weapon

[Question] The current international and Arab conditions have raised anew the question of using Arab capabilities to serve Arab interests. What is your opinion in this regard, especially in light of the position that the kingdom occupies within the IMF?

[Answer] When any group or establishment has an economic power emanating from the fact that this group or establishment produces a necessary raw material or an important manufactured commodity that is in demand, and when this group has economic interests and partnerships in international financial and production establishments, then it is natural that all this will create potential positions of power and influence not available to another establishment lacking such a capability or resources. But the heart of the matter continues to be the way these resources are used. When we speak about using our strengths, we do not mean by this negative use based on threats or on withholding, because this is an unproductive approach. We understand this use and exercise it practically within the framework of a positive viewpoint based on the power of persuasion.

Gulf Is One Area

[Question] How do you assess the future of economic integration in the Gulf in light of the economic agreement between the Gulf states. Are the executive steps proceeding normally?

[Answer] I am very enthusiastic about this integration. I believe that before 1 or 2 years pass, the Cooperation Council member states will constitute a single area among themselves and insofar as foreign markets are concerned. This is natural. The thing we must remember is that a major part of the distinctive qualities of an economic group is already present in the Gulf group countries. All these countries apply the concept of free trade and impose no protective restrictions on importation. Moreover, they impose no restrictions on the movement of capital. The citizens of the Gulf states are the only ones who move within the group's countries without any visas or entry permits. Furthermore, there is a large number of joint companies, some of them in the private sector and often founded on family bases because the sons or heirs forming a company are present in more than one Gulf country. Some of the companies, and their number is increasing, are founded in the joint or mixed sectors with the participation of the governments or of public organizations.

Joint Projects But No Central Planning

[Question] In the last session of the Arab Economic and Social Council, you adopted a certain position toward the common Arab action plan and toward the principle of planning at a pan-Arab level. That position led to postponement of discussion on the plan. Have the realities of the issue changed since then?

[Answer] The kingdom, along with a number of other Arab countries, applies the free economy system. The kingdom bases its development on this principle. This principle calls in part for the private sector to play a growing role. In fact, one of the main goals of the kingdom's development is to bolster the private sector and to encourage it to perform a main role in the economy. Considering that these states do not, within the limits of their territories, run economic activity directly, then how can they build their thinking on a completely contrasting basis and how can they submit to central planning at the level of the Arab countries or of the Arab group? For this reason, we have been talking and we continue to talk in the kingdom of "joint Arab projects" and not of "central pan-Arab planning." This issue was the subject of a lengthy discussion during the joint meeting of the ministers of economy and of foreign affairs held in Jordan prior to the Amman summit in which the group of joint Arab projects was presented in a form called inaccurately "the plan," whereas in fact that form consisted of a list of projects seeking to realize integration in certain vital economic sectors involving the Arab group. At the time, we demanded that the phrase "joint projects" be used and said that this description must be given to projects with either of two goals:

First, projects seeking to serve Arab economic integration or to enhance the bond among the economic activities in the Arab countries and to turn this bond into a tangible reality. Projects that are obviously necessary in this respect

are the projects to link the road and telecommunication networks and those that are impossible to utilize economically within each state separately. It is indisputable that these projects are essential and that they have become indispensable for creating conditions for the integration of Arab economic capabilities.

The other thing we said was that these joint projects must serve the goal of reducing the differences in development and in standards of living within the Arab countries. Currently, these differences are present, and in some cases strongly. We in the Kingdom of Saudi Arabia believe that this is an urgent issue that needs to be tackled seriously. We must achieve an equilization of living standards in the Arab countries as soon as possible. By virtue of the reality, and despite the political differences existing between them, the Arab countries form a single political and social entity and it is unreasonable and unacceptable that widely different and varying standards of living should exist within the same human grouping.

[Question] Have you been able to define a concept of joint Arab economic action that will enable the Economic and Social Council's activities to progress in the coming phase and to unleash cooperation and joint Arab projects?

[Answer] I believe that the Arab Economic and Social Council's activities will be carried out within a clearer framework than in the past. The preceding phase was the phase of uniting opinion about the principles and the definition of goals. But now these principles and goals have been defined through the conclusion of a number of important agreements, such as the joint Arab economic action charter, the strategic paper approved by the Amman summit, the trade exchange agreement between the Arab countries and the unified agreement on the investment of Arab capital.

So now that the principles and the bases have been defined, the Economic Council and the Arab officials will, in the coming phase, have to devote attention to following up implementation and to tackling and overcoming the obstacles of management and of local regulations so that these obstacles do not affect the implementation process. When I speak of obstacles and problems, I do not mean that there is opposition to these goals but I am pointing out that it is natural that time, and perhaps a lot of effort, is needed before the local measures and conditions in each Arab country respond to the common criteria and requirements and before the international obligations entailed in any joint agreement between one state and a number of other states are absorbed.

I am eager to point out here that the economic apparatus of the Arab League is aware of these matters and understands our position and our concept of joint Arab economic action. But it is possible that individuals may try in their

professional actions to surpass these principles, as when, for example, an architect is asked to present a blueprint for a certain building. This architect may tend to draw up the best blueprint possible and may exert diligent efforts to ornament and beautify it out of his desire to realize his ambition as a professional. But in his enthusiasm, this architect may inadvertently ignore the needs of the building owner and the element of cost or of feasibility and may end up with an ideal blueprint that does not meet the actual possibilities for implementation or the wishes of the people concerned. What is important is to consider the occurrence of such things as something normal because in any joint action or any group it is not expected that opinions will be identical, at least not to start with. However, a common understanding and agreement reflecting the aspirations of the group and reconciling the circumstances and the existing particulars of the group members must always be reached.

Neutralization of Arab Economic Action

[Question] There are those who believe that the Arab political conditions have begun to favor regional cooperation at the expense of a common Arab framework.

[Answer] No, I don't believe so. Even though there are differences and disagreements, the basic lesson that many in the Arab countries have tended to reach is not the lesson of the difficulty or unfeasibility of common economic action but the lesson of the necessity of moving ahead with this action as an independent sphere and of not allowing it to be influenced by political differences. They have reached this lesson out of their conviction that by bolstering common economic interests they will strengthen political understanding, weaken the causes of disagreement and establish Arab relations on more rational and regular bases, not to mention the fact that the bolstering of common economic interests will have a positive impact on the position of the Arabs, on their negotiating strength and on their role outside the Arab world. The strongest indication of the entrenchment of this inclination is that constructive discussions are held between the participating delegations during the meetings of the Arab Economic and Social Council even though the delegations come from states among whom there are political and ideological differences. These discussions are conducted with an objective spirit that is different from what we see if we look at political or other factors.

Regional Blocs Must Be Encouraged

There remains the reference you have made to regional cooperation. The fact is that the positive development noted in this regard in more than one part of the Arab world has not at any time taken place at the expense of the common Arab framework. Rather, I believe that these regional blocs must be encouraged as an assisting and transitory factor leading to the phase of the single Arab

bloc, at least inasmuch as these regional blocs reduce the differences, help to make the conditions, systems and goals of the Arab countries similar and strengthen the links between their economies. We must not forget that the process of the adaptation of any local economy to a regional economic group is itself a process that does not take place easily or by mere political conviction or national enthusiasm. Regional interests, especially in decentralized societies, consist of a group of interests embodied in agglomerates, establishments, companies and associations each of which has risen fundamentally according to certain considerations and within the framework of special goals. Consequently, the adaptation of these interests and their inclusion in a broader regional grouping puts these organizations face to face with a new reality that they may not have taken into their calculations. This is why there is a need for time and for persistent and patient efforts, especially when the matter demands certain sacrifices from each side--and this is frequently the case--to realize the act of linkage or of integration. The creation of a joint stock company faces problems that require time, familiarization and harmony to be solved. So what can the situation be when the matter pertains to establishing a partnership between tens, even hundreds, of private and public interests! Naturally, it is difficult to say that aspirations alone are enough to bring results in such a case.

8494

CSO: 4404/433

PROMOTION OF GENERALS, POLICE CHIEF REPORTED

London AFRICA CONFIDENTIAL in English Vol 23 No 10, 12 May 82 p 8

[Text]

As expected (AC Vol 23, No 4) last month saw several promotions among top brass of the Sudanese military. Four major-generals moved up to the rank of lieutenant-general (an unprecedented block promotion which required the creation of three new lieutenant-generalships). One of them, **Tewfik Abu Kodok**, now the deputy chief of staff for administration, was also appointed a member of the SSU preparatory committee (and thus brought partially into politics). Lt. Gen. **Yousif Ahmed Yousif** remains deputy chief of staff for logistics. Lt. Gen. Dr. **Abdel Salaam Salih Elsa** became the head of the medical corps. Lt. Gen. **Fatih Omer Abdul Hassan**, who was among the senior officers "retired" earlier this year, somehow managed to retain his rank and was promoted from assistant minister to state minister in the ministry of defence. Col. **Awad Malik**, however, former secretary of the SSU, was promoted to brigadier and promptly retired. (In addition to his improved pension he was also appointed the 51st member of the SSU preparatory committee.)

The promotions were clearly designed to accommodate in higher positions all the senior officers who remained after the retirements. They were announced shortly after **Nimeiri** had extended his visits to the Khartoum army barracks to barracks in the eastern and northern regions. In a further move to satisfy the military **Nimeiri** announced the establishment of a finance committee to look after military perks and salaries, among other things.

The neglected and disgruntled police force has also at last been taken care of. The police chief, **Ali Yassin**, was promoted to police general and five colonels became brigadiers.

Though the measures will go a long way towards assuaging in the short-term promotion frustration in the army, the huge number of top ranks now means little leeway for further promotions without forced retirement. Only the post of chief of staff has yet to be filled. Presumably one of the five lieutenant-generals will take the post. An obvious problem now will be to keep them happy without creating five positions for generals. But because of the number of top rank officers it will be almost as difficult to find them prestigious diplomatic posts — a device **Nimeiri** has used in the past with success ●

CSO: 4500/175

LATAKIA, TARTUS PORT EXPANSION, DEVELOPMENT PLANS DISCUSSED

Damascus AL-BATH in Arabic 31 Jan 82 pp 6-7

[Article by Riyadh Darwish: "The Country's Ports"]

[Excerpts] The Port of Latakia

The port of Latakia enjoys an important strategic position, which has allowed it to become an excellent center of marine traffic. This has added immensely to the importance of Syria's marine transport activity carried out through the ports of Latakia and Tartus, whose combined activity is undergoing steady growth with the rising volume of international commercial exchange and the tremendous industrial progress. In addition, activity related to industrialization in the country and the implementation of various development projects has helped increase import and export activity substantially and consequently has had an impact on the volume of transport activity in Syrian ports. There is another important factor that has become prominent in recent years and has had a visible impact on the activity of Syrian facilities. This is transit shipping, which began a steady period of growth because of Syria's excellent geographical position. Transit activity is expected to increase substantially following completion of the rail line linking the two main ports--Latakia and Tartus--with all areas of Syria and fraternal Iraq.

The Port and the Stimulation of Economic Growth in the Governorate

In our meeting with Prof Ramadan 'Atiya, general director of the port of Latakia, Mr 'Atiya said that it is a proven and well-documented fact that, as the oldest and largest company in the governorate and through its past and present activity, the port of Latakia has stimulated economic growth, due to several factors:

1. The existence and activity of many different economic organizations linked to the activity of the port.
2. Various social sectors and economic participants--dedicated former customs agents, shipping agents for domestic land and maritime transport, transit workers--and the sizeable number of individual which support them. All of these together, constitute a social cross-section whose existence and work are based on the activity of the port.

3. The revenues collected by the organizations and offices in the form of fees and rates on the goods that are transferred to and from the port for both import and export. These include financial and municipal fees and fees arising from the appointment of shipping agents. These revenues are estimated to be in the millions of Syrian pounds and foreign denominations.

4. There are some 3,000 employees who conduct the operations of the company and their compensation is ensured by the revenues of the company. Because of this, and with the continuous improvement in productivity, the contributions of this huge number of workers have an economic, social, political and ideological impact on the life of the masses in the governorate. It is hardly an exaggeration to say that the lives of thousands of families living both inside and outside the governorate are tied to the port of Latakia and its activities.

Here we confirm the deep and far-reaching connection between the activity of the company and the comprehensive economic growth in the governorate's organizations and offices and among its people.

Passenger Transportation

In addition to cargo ships, the port receives passenger ships. There are presently three scheduled lines whose ships make regular stops in Latakia every day. These are:

1. A Turkish RORO passenger line that carries passengers between Latakia and Cyprus.
2. A Greek RORO passenger line that carries passengers between Latakia and Cyprus and Greece.
3. A Russian passenger line that carries passengers between Latakia and Cyprus, Greece, Turkey, and Russian Black Sea ports.

Specialization and General Knowledge

There was never any plan to allot certain types of goods to the ports of Latakia and Tartus, but it is well known that the port of Latakia receives general products such as lightweight and easily destructable crates that are not loaded on pallets which would require special care in handling them as well as long unloading time. These goods usually come from China or Japan.

The port of Tartus, on the other hand, does not receive this kind of product. Most of the goods that arrive in Tartus consist of building materials such as wood, iron and cement, as well as containers, automobiles and the like. Exports include phosphates and sulfur as a derivative of the oil industry.

Manpower and Equipment

Mr Sulayman Azhari, assistant general director of the port company, informed us that there are 2,960 workers employed in the company, including 1,010 production workers at present. These workers include technicians in all

specialties (mechanics, electricians, drivers, carpenters, etc.) totaling 657.

The Dock, Piers and Breakwater

The dock area is presently 60 hectares with a maximum depth of 14 meters. It contains five (floating) ship terminals. After completion of work on the first phase of the port expansion project, the dock area will consist of a 130-hectare area protected from the west and southwest by a 2,142-meter breakwater. The breakwater will be a piled type consisting of stone blocks and prefabricated concrete blocks topped with ordinary concrete. The breakwater will be 75 meters wide at the base and 12 meters wide at the top and will stand 5 meters above sea level. Work on this project has continued as part of the second lengthening of the breakwater by 1,030 meters.

All of the piers are outfitted with the necessary equipment to facilitate loading and unloading operations.

Storage Areas

There are a number of areas presently being arranged and poured with reinforced concrete--in addition to the already acquired land on the Aleppo road, which are being readied as future areas and depositories for storage. Parts of these areas are already being utilized. Their overall area is 408,000 square meters.

The warehouses are supplied with water, electricity and fire extinguishing systems. These include a three-story warehouse equipped with electric elevators and a ramp for the unloading of sacks.

In the 1,500-ton refrigerated warehouse, there is an ice plant that can produce 5 tons of ice per day. Also in the warehouse is an 80-ton fast-freeze room in which a temperature of -40 degrees [centigrade] can be attained. This room is used for the storage of freshly slaughtered meat.

Grain Silos and Equipment for Handling Loose Grain

The grain silos are set up for export and have the following capabilities:

- The loading of grain from trucks into the silos at the rate of 450 tons per hour.
- The loading of grain from railroad cars into the silos at the rate of 450 tons per hour.
- Sack-filling equipment with a capacity of 100 tons per hour.
- The loading of ships at a rate of 450 tons per hour.

The equipment in the silos cleans, sifts and sterilizes the grain that passes through it. The capacity of the silos ranges from 40,000 to 45,000 tons.

As for the equipment for receiving loose grain, there are eight suction pipes for unloading grain from ships, each with a capacity of 50 tons per hour. During 1980, a suction pipe for loose materials with a capacity of 150 to 225 tons per hour was imported and installed.

Other installations

These include a ship repair ramp that is outfitted for the repair and maintenance of the port company's floating stock. This ramp, which can accommodate ships up to 900 tons, was built in 1961. A study is now being conducted on construction of a new ramp with a capacity of 1,500 tons.

The company's electric power station comprises three systems with a combined output of 3,000 kilovoltamperes. This is sufficient to ensure the power needed by the port area for lighting and the operation of equipment. The company is also directly connected to the city's power grid. The construction of a 6,000-kilovoltampere power station is planned as part of the expansion project.

Other installations include a 100-ton electronic weighbridge with a 3- by 30-meter platform. The site chosen for this installation is on the road entering gate 9. The port company is now in the process of contracting with the al-Sahil Building Company in Latakia to carry out the civil works for this weighbridge, which was imported in late 1980.

Operating capacity of the Port

The planned annual activity of the port is now 1.5 million tons. However, the actual loading and unloading handled by the port exceeds this figure, ranging between 1.5 and 2.5 million tons annually. The ship-handling capacity ranges from 18 to 20 medium-tonnage ships at a time.

The activity of the port has kept pace with the development of economic activity in the country. The port has been able to meet import and export needs as a result of additions to its equipment and storage facilities. The following table clarifies the port's activity in the handling of goods from 1971 to 1981:

	1971	1981
Goods exported	254,300 tons	477,360 tons
Goods imported	1,379,100 tons	2,625,589 tons
Total	1,633,400 tons	3,102,949 tons
Number of steamers	1,519	
Number of ships	63	

The revenues of the port company for 1981 totaled around 109 million Syrian pounds.

Development of Utilization Operations

The company administration supplied the company with the necessary machines and equipment in accordance with the 5-year plan. This led to the development of efficient utilization of facilities and the ability to receive goods arriving via advanced and modern means of transport. The administration also drafted a systematic working plan aimed at increasing and improving production and achieving better control over work and productivity. In addition, work in the port was organized to achieve smoother operation and ease of checking for those individuals dealing with the port.

In addition, several new storage sites were built at the port, including both open areas and warehouses. The aim of this was to facilitate storage operations, especially in the areas reserved for containers.

The tariffs charged by the port company have been changed to achieve greater fairness and enable individuals dealing with the company to determine costs clearly. The new system is expected to be put into effect in the near future.

System of Operations and Its Problems

It can be asserted that although the company's operating system may break down and stop at times, we find that in most cases the causes arise from factors outside the division of labor in the company and its organizations.

That is, continuity of operation, which is a constant requirement according to the formulated programs, often conflicts with the readiness of the agencies that deal with the port, which formulate their programs based on their needs with respect to the loading and unloading of their goods.

The port is not the agency that is authorized or expected to secure the goods and deliver them to their owners. After the goods have become ready for unloading and removal--and this also applies in the case of exports--we find that the pace of work in the port proceeds rapidly and systematically only to the extent that means of transport for removal and hauling are available--especially in the case of direct withdrawal. We can see the results in such cases. This underlines the problems associated with assuring means of transportation through the Goods Transport Office when the vehicles belong to the private sector, which responds to its own needs and desires. The same applies to assuring means of transportation through the Railroad Organization with its limited capabilities. To the extent that means of transportation are not available in sufficient quantity, the operation of the company is adversely affected by congestion and the accumulation of goods at the storage sites until ships arrive.

It must be emphasized that bottlenecks do occur--and extend for more than just a short time--as a result of the unavailability of means of transportation and

for many other reasons. If they had been available continuously throughout 1981, productivity would have been much better.

Unloading Crises

The port is experiencing pressure beyond its present resources and crises of congestion occasionally result because of the large volume of goods and the increase in the number of ships. Because the port has achieved high production figures--topping 3 million tons--during the past 2 years, the waiting time is presently no more than 1 week. This delay is expected to be eliminated in 1 month at the most.

Among the most important proposals to decrease the incidence of congestion at the ports are the following:

--A requirement that the importing organizations schedule their imports a year in advance.

--Action to ensure sufficient means of transportation (trucks and trains).

The administration of the Latakia port company, in cooperation with the labor organizations, is attempting to match world standards in loading and unloading rates to cope with congestion, which, in most instances, results from increases in the volume of work beyond the planned capacity of the existing port. This situation causes actual production to reach levels that are double the planned capacity. The optimum solution is completion of the expansion so that the port will be able to handle large quantities of ships and goods. The volume of goods could go as high as 10 million tons after completion of the necessary facilities for the expansion area.

Port Expansion Plan

In 1973, experts began actual studies for the expansion and development of the port of Latakia in a way that would keep pace with the country's import and export needs and the need to accommodate transit traffic through Syria to other Arab countries. The need for development has become urgent in view of the continuing growth in agricultural production and manufacturing activity that the country is experiencing and in view of the increase in the productivity capacity of the port, which will become capable of receiving and transferring from 3.5 to 4 million tons per year after completion of the first phase of the expansion project.

The study outlining the first and second phases was approved in 1975. In 1976, implementation of the first phase was begun with the authorization of construction of a 710-meter extension of the old breakwater. These works were completed at the end of 1979.

Subsequently, a reconsideration resulted in the division of the expansion project into three phases. The first phase, which will be completed in 1985, includes the erection of 11 new piers with a length of 2,094.2 meters and a depth of 7 to 13.5 meters. Some of these piers are designed for containers

and RORO goods and others are designed for other types of goods. This phase also includes the construction of new storage areas and buildings necessary for full utilization, such as buildings for services and firefighting, workshops, pumping stations and water tanks. This is in addition to the equipping of the port with modern equipment and machines for efficient utilization, the allocation of cadres and the maintenance of equipment. This will also necessitate all of the service requirements, including roads, lighting, rail lines, water networks and the like.

The expansion area will be connected by two rail lines linking the port area and the main rail terminal in the city.

In 1979, the new piers were authorized and the contractor was given the order to begin work.

The area of the new wet dock is 87 hectares.

The total area of the new storage facilities is 75 hectares.

The area of the new yards for the storage of containers is 25 hectares.

The floorspace of the new warehouses is 40,000 square meters.

RORO terminal: A contract will soon be signed with an international company for the construction of a terminal for RORO ships inside the port area. This will lead to an increase in the movement of goods, especially in the field of international transit, in that this project will link Europe with the Middle East and the Arab Gulf through Greece and the port of Latakia.

The estimated cost of the first phase of port expansion is 1.25 billion Syrian pounds.

The implementation and utilization of the first phase of port expansion requires the hiring, qualification and training of 2,000 individuals. These individuals must be prepared and technically qualified immediately and must be trained on the various types of modern equipment that will be installed. It is necessary to begin sending a sufficient number of these trainees abroad for training. These individuals will then return to work and train their colleagues, particularly in the field of using computers in the handling of containers on the docks and in the storage areas.

The second phase of Latakia port expansion is intermeshed with the first phase. For this reason, it is essential to begin implementing the second expansion phase immediately on completion of the first phase. This will prevent future bottlenecks in marine transport.

With completion of the first phase, the activity of the port of Latakia in the fields of imports, exports and transit is expected to reach 10 million tons of various products.

Port of Tartus

The port of Tartus spreads over a tract of land and water 3 million square meters in area. Of this, 1.28 million square meters is a harbor protected by breakwaters, the longest of which is 2,650 meters and the second longest 1,650 meters.

The depth of the harbor ranges from 4 to 14 meters, permitting the accommodation of all types of ships up to a maximum draft of 36 feet and a maximum 40,000 tons. Some 2,280 meters of dock has been completed and now being utilized. Additional docks presently under construction will bring the total length to 4,600 meters. After completion of these docks, the port will have the potential to handle more than 40 ships at a time.

The port presently receives all types of ships involved in modern marine transport including (LASH), RORO and containerized shipping. Each of the docks in the port specializes in certain types of ships.

The actual productive capacity of the completed docks is 3.5 million tons per year including both imports and exports. The capacity will increase to 7 million tons after completion of the remaining docks.

The Specialized Docks

1. The phosphates dock, which extends like a bridge across the port basin and is 269 meters long and 11 meters deep. It will accommodate two 25,000-ton ships at a time, one on each side. This dock was built for the purpose of exporting the phosphates extracted from the country's phosphate mines.

The dock is equipped with conveyer belts and storage silos and all of its storage and loading equipment is automatic. The loading capacity of the dock is 1,000 tons per hour.

2. Barge dock: These facilities are 300 meters long and 4 meters deep and are used to dock the barges belonging to the (LASH) vessels. In cases of congestion, the dock can be used to dock small merchant ships of under 1,000 tons.

Storage Facilities

The storage facilities are divided into covered and open facilities.

Covered storage areas: Four covered storage facilities with 34,000 square meters of floorspace have been built on the south dock. Two 8,800-square-meter storage facilities have been built on the north dock. There is also a 5,000-square-meter refrigerated warehouse.

Open storage facilities: There is a total of 1.8 million square meters of yards, roads and warehouses on which storage areas are being prepared using modern techniques. These areas are being paved with reinforced concrete.

Some 40,000 square meters of storage area has now been completed and the remaining areas are under construction.

The storage places are connected by a network of railroads that permit the transport of goods to all governorates in the country and to neighboring countries.

Port Equipment

The port has been equipped with all the necessary equipment for efficient operations. This includes various types of land-based cranes, floating cranes, tractors, trailers, trucks, stackers, locomotives, boats and so forth.

This equipment is valued at around 100 million Syrian pounds.

In addition, other equipment valued at 157 million Syrian pounds when fully operational will be purchased for the port between 1980 and 1985.

State of Investment in 2 Years

The port was brought into temporary use on 1 July 1966 and the movement of goods increased year by year, reaching 4.7 million tons of various products in 1979 as opposed to under 3 million tons in 1978. In other words, there was a 56 percent increase from 1978 to 1979. It should also be pointed out that the capacity actually achieved is considerably higher than the theoretical capacity of the installations in use. The currently utilized facilities constitute less than half of the docking facilities, only 30 percent of the covered storage area and under 25 percent of the open storage area now under preparation. However, the pressure of operations has led to the utilization of the remaining areas before they have been fully equipped.

1980 Production

The total planned shipping activity for the base year 1980 was 5.8 million tons for an 81-percent rate of implementation. We ascertained from the 1981 plan that the relative drop in shipping activity in 1980 compared with the plan figures was attributable to the decline in the country's export of phosphates and oil by-products that year. Only 675,000 tons of these products were shipped in 1980 compared to 1,086,000 tons in 1979. Another factor was the relative recession in shipping activity during the last quarter of the year when the docks were operating under their seasonal capacity because of the lack of incoming goods.

1981 Production

Based on previous production capacity and capacities added in 1980, the company set its import and export production goals for 1981 at 6.5 million tons. Some 2 million tons of this consists of phosphates and oil by-products and 4.5 million tons consists of general goods.

We now present the figures that were achieved as reported in the plan:

Total imported and exported goods	4,583,592 tons
Phosphates	512,891 tons
Fuel	153,077 tons
Miscellaneous goods	3,907,624 tons

Profits

The company realized a profit of 16 million Syrian pounds in 1978 and 1 million pounds in 1979.

The profits for 1980 and 1981 have not been calculated yet because the balance sheets for these 2 years have not been completed as of this time. These balance sheets are tied to the completion of port projects. All we know at present is that gross receipts for the port in 1981 totaled 141 million pounds.

Second Year of the Fifth Plan

The year 1982 is considered the second year of the fifth 5-year plan for the port. In investment, this plan aimed at completing implementation of the buildings and installations up to 1985 through the Major Projects Organization, implementing the replacement and renewal operations for the old buildings, installations and equipment during the years of the plan and completing purchase of the new equipment necessary to bring the port up to its maximum production capacity. The production level stipulated for the end of the fifth 5-year plan aims at achieving a capacity of 12 million tons of goods loaded and unloaded at the port by 1985, based on estimates of the total shipping traffic in the port during that year.

1982 Production Goal

At the time of the preparation of the fifth 5-year plan (1980), the company established the plan's final goal for 1985 as well as the annual production goals. It set the production figure for 1982 at 8 million tons including imports and exports consisting of 2 million tons of phosphates and 6 million tons of general goods. This was based on an evaluation of the existing productive capacities and the capacities that are slated to be added consecutively during the years of the plan. These added capacities will result from the lengthening of the docks and the partial utilization of these docks, increases in the number of machines--particularly advanced machines--and completion of the construction and equipping of other support service facilities.

However, the actual results of production up to July 1981 and the projected results through the end of the year indicate that the demand for the port's services is less than that projected on the basis of the port's capacity to handle goods and the demand for 1981 is generally at the same level as in 1979 and 1980.

For this reason, and based on the present level of demand, the company believes that it is appropriate to set the planned production goal for 1982 based on actually available production capacities, taking into consideration the estimates of the volume of demand for the port's services in 1982 based on actual 1981 demand and the expectation of an increase in exports in accordance with the programs formulated for this purpose. On this basis, the 1982 production figure is 7 million tons, including 1.5 million tons of phosphates and oil by-products and 5.5 million tons of general goods.

The 1982 Investment Plan

The investment plan included the purchase of various machinery and equipment as part of the general plan to add to the port's equipment in parallel with the progress of construction work on the docks, storage areas and other service facilities.

It is estimated that the company will need 60 million Syrian pounds in 1982.

Replacement and Renewal Plan

The replacement and renewal plan calls for the improvement and repair of existing buildings and installations associated with the docks, areas, roads and breakwaters and the replacement of some old equipment. Some 5.5 million Syrian pounds was allocated for this purpose, bringing the total allocations for the investment plan and the replacement and renewal plan to 65.5 million Syrian pounds.

We might point out that some of the equipment may not reach the company until 1983.

Arrangements To Assist in Implementation of the Production Plan

1. Completion of the investment operations for 1982--especially those carried over from 1981--by their specified completion dates. These include the construction projects related to roads, storage areas and the new docks to facilitate the progress of work. Another urgent project is the purchase of dump trucks for the company to be used in the internal transport of goods within the port area. This requirement goes back to 1979 and the company has been unable to obtain these vehicles. The vehicles organization was charged with securing these trucks during that period.
2. Provision of the trucks and railroad cars required for port operations in a balanced fashion throughout the year and in such a way as to meet work demands and investment requirements.
3. Implementation of the 1982 manpower plan.
4. The issuing of regulations pertaining to the port to ensure sufficient numbers of workers, especially production workers. These regulations are those on hiring, workers participation, and incentives.

5. Implementation of a campaign to further advertise the potential of Tartus port. This should reach all agencies involved in marine shipping so as to obtain new clients for the port and strengthen confidence in the port now and in the future.

6. Good and effective cooperation between the port and the public sector agencies involved in imports and exports. This is because most of the goods passing through the port come through the public sector.

All of these actions will increase the potential of the port and help achieve the plan or even surpass it if there is a sufficient level of shipping traffic to ensure the operation of the docks and the equipment of the port at their maximum production capacity.

Completion Projects

We said previously that there are projects to complete the port and these projects should be completed by the end of 1985 according to plan. However, according to Eng 'Adnan Hajj Salih, director of the Tartus port branch of the Major Projects Organization, if the General Company of the Port of Tartus continued to develop the new areas in the port, its new projects would take 15 years to complete.

If this situation continues--or in other words, if the two agencies continue to work at the same time--it will not be possible to set any timetable for completion. Therefore, the Major Projects Organization has assigned the projects to the Construction Company and supervises its implementation.

These projects include:

--The storage areas and roads contract, valued at 93 million pounds. Work under this contract began 25 March 1981 and will be completed in 3 years.

--Contracts for the construction of three warehouses. Work on this 25-million-pound contract began 5 March 1981 and the completion period is 24 months.

--A 48-million-pound project for the construction of six warehouses now under approval.

--A 22-million-pound contract for the construction of a fertilizer dock. The order to begin work has been given and preparatory work has begun. The period of the contract is 18 months.

--Contracts for a group of buildings the police and general security building, which is now being completed and could be ready for occupancy within a month.

A second building in this group is the agricultural quarantine building for the sterilization of exported and imported agricultural products. This building was begun in July 1980 and is still under construction.

The investment building will be completed within 2 months. The framework for the children's building has been completed and a contract for the completion

of this building has been signed with the Construction Company. The order to begin the marine information building was given 17 March 1982. Construction of this building was authorized to begin 1 March 1982.

Filling Contracts

Other contracts include a contract for the filling of 15,000 cubic meters of sand within the dock areas and another contract for the filling of 30,000 cubic meters. These two contracts have been carried out.

Another filling contract is in the process of being signed and calls for the filling of 300,000 cubic meters within the dock area. The value of this contract is 3.5 million pounds.

In summary, it may be said that the cost of completed work at the port of Tartus could reach 400 million Syrian pounds. This figure is on the same order as the sums that have been spent on construction of the port up to this point.

Percentages and Indicators

There is nothing remarkable about this, says Eng 'Adnan, since the part of the port completed thus far represents under 25 percent of the planned construction with respect to storage areas, roads and warehouses.

To be more accurate, we should also report what was said by Khayrallah Misa, assistant general director of the Tartus port company. He said that around 70 percent of the port's construction works have been completed. Whatever the percentage, we realize that the works awaiting completion at the port are numerous. It is sufficient to note that the total area of the storage areas and roads that remain unpaved is around 800,000 square meters. About two-thirds of this area is used for the storage of goods, which are sometimes damaged from being placed on damp ground.

We must also point out that the paved roads within the port connect with muddy dirt roads because the construction works of the port are not yet completed. This must be completed rapidly and according to plan. This applies to all areas of investment that are found to delay or hinder the completion process.

Developments Through 1990

The port will face tremendous pressure in the future unless one of the following plans is implemented:

1. The construction of a third port to lighten the pressure on the ports of Latakia and Tartus.
2. The development of RORO and containerized shipping of goods.

If RORO transport were to increase to more than 50 percent, the port would become capable of receiving more than 13 million tons by 1990. In this event,

it would be capable of receiving this volume of goods without experiencing any congestion, especially after completion of all its land and marine installations. In short, the capacity of the port of Tartus will not fall below 10 million tons under any circumstances after it is fully completed.

Present Loading and Unloading Situation

In 1979, 2,070 ships of various nationalities arrived at the port of Tartus. Some 4.7 million tons of various types of goods were loaded and unloaded, including both imports and exports. The average number of ships present in the port at any one time was no fewer than 60, 20 of them being loaded or unloaded and the remainder waiting to be serviced. The waiting period reached as high as 60 days for some ships, resulting in large delay penalties for the importing organizations. These penalties ranged from \$1,000 to \$8,000 per day. The primary reasons for this congestion are:

1. Import and export activity and the number of ships exceed the current utilized dock capacity.
2. The public sector organizations have resorted to importing large quantities of Dakma grain at closely spaced intervals, making it difficult to unload these shipments rapidly and within the charter period for each ship.
3. The chartering of old ships to carry goods. These ships do not assist in the rapid unloading of goods and most of the world's ports refuse to accept such vessels.
4. The development of the port is proceeding parallel with the implementation of construction, including both land and marine installations. Thus, there is a situation in which one dock is being used while another nearby is under construction. Elsewhere, a warehouse is being utilized while a storage area is being built in the vicinity. Clearly, this construction has a negative effect on loading and unloading operations. Grain silos are under construction on the north dock and more than 240 meters of dock has been partially shut down. In addition, two storage areas and two large warehouses are being built nearby. Thus, the 770-meter dock is taken up with supplies for these projects as well as excavations, dirt and quarry waste while a minimum of five ships per day are being loaded or unloaded.

This is one of many similar or different examples of such work.

5. Transit activity via the port of Tartus to neighboring countries and the Gulf states has doubled.
6. Work is halted most of the time starting early in the day because of the lack of trucks for immediate removal.

All these factors have led to mounting numbers of ships and increased waiting times and consequently the public sector organizations and the importers are faced with large delay penalties.

Many Agencies

Finally, we must point out that the port is comprised of a group of organizations and companies that fall into two categories: those that are or will be permanent investments and those that are implementing projects within the port and will terminate their work when these projects are done.

The General Phosphates and Mines Company is responsible for the development of the phosphates dock. It is currently expanding the group of silos to increase their capacity to 2 million tons per year.

The General Grain Silos Organization is constructing a silo on the north dock.

The Homs Refinery Company is exporting fuel oil and coke.

The General Consumption Organization is constructing the refrigeration plant in the port area. In addition to these organizations, there is a group of state organizations that is implementing and completing the installations in the port.

These include the Military Installations Implementation Organization, the General Water Company, the National Contracting Company and the General Construction and Development Company.

With this interweaving of operations, is it any wonder that implementation falters, that goods pile up and that the ships are late in being unloaded?

Difficulties Faced by the Installation

At this point, we can summarize the main difficulties and obstacles facing the Tartus port company in its production and investment. These are:

--The lack of a single administrative division in the overall company (the port) because of the multiple administrations represented at the port that belong to several ministries. These include the phosphates shipping center, the grain silos and the refrigeration plant. There are also a number of agencies responsible for the port installations and equipment (e.g., the Major Projects Organization) in addition to the port administration.

--The current slow pace of the work to complete the implementation of the port--particularly the major installations--and the various investment operations and the complications this has caused in both fields. This phenomenon will continue until the construction and equipping of the port are finally completed.

--The failure to begin implementation of certain important projects in the port, especially the ramp for repair of floating stock and the warehouses.

--The difficulty of meeting the daily needs for trucks through the Circulation Office with regularity, at the specified times and in the specified numbers required for operations.

--The lack of good technical cadres to repair the machines that break down during operations and the difficulty of obtaining spare parts at times.

--The lack of regularity in the arrival of public sector goods imported or exported through the port by public sector organizations in the course of the year. This creates occasional periods of congestion in the port followed by slack periods.

--The difficulty of implementing the annual investment plan for the purchase of machinery and equipment in accordance with the scheduled program because of delays in approval of the budget, on the one hand, and the measures related to the approval of contracts and the ensuring of the allocation of foreign currency, on the other.

--Moreover, the machinery imported exclusively by the (Aftomachine) organization rarely arrives the same year as planned.

--Finally, the failure to establish workers participation, hiring regulations pertaining to the company, both of which have been prepared since 1977. This has had a negative effect on the progress of work in the port. Moreover, the regulation on incentives has not yet been put into effect in the company and the draft of this regulation is still being approved.

Proposals

--Establish a definite legal status for the administrative unit in the company and eliminate multiple administrations.

--Instruct the General Major Projects Organization to expedite completion of construction of the port while giving priority to those projects directly connected with production.

--Schedule imports and exports carried out by public sector organizations with adherence to an annual plan and schedule that must be submitted to the port.

--Approve and issue the investment budget at the beginning of the year, ease the steps involved in the approval of contracts, acquire foreign currency for foreign contracts and facilitate banking measures.

--Issue the company's personnel roster, hiring regulation and production incentives regulation as rapidly as possible.

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CSO: 4404/294

BRIEFS

WORLD BANK LOAN--Syria is to use a \$22 million loan from the World Bank to develop about 30,000 hectares (75,000 acres) of cultivable land in the southern provinces of Deraa and Sweida, the Bank announced last week. The project is the first phase of an eight-year development programme intended to boost output of food for local consumption and to raise rural living standards. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 16, 19 Apr 82 p 6]

CSO: 4400/248

SALIH UNDER INCREASING PRESSURE FROM TRIBAL LEADERS

Paris AL-MUSTAQBAL in Arabic No 269, 17 Apr 82 p 27

[Article: "Who Threatens the Stability of the Two Yemens?"]

[Text] The armed disturbances between forces of the opposition National Front [NDF] and governmental forces which various areas of North Yemen have experienced during the latter part of March have made a number of political observers expect a renewed deterioration of the good relations which had begun to prevail among the countries of the southwest Arabian Peninsula, Saudi Arabia and North and South Yemen, over the last 2 years. Prompting some observers to anticipate this is the fact that some have portrayed the disturbances as a renewal of the quarrel between the two ideologically different systems in the two parts of Yemen. However, Arab diplomatic sources have told AL-MUSTAQBAL that opponents of the tide opposing the rapprochement with Aden are in North Yemen and are some tribal leaders who urged President 'Ali Abdullah Salih in a meeting the end of last month to form a people's army from the tribes to bolster the efforts of the regular army in pursuing the NDF forces inside the borders of South Yemen. These leaders in face assembled their tribesmen to put pressure on the president of North Yemen to respond to their demands to escalate the confrontation with Aden.

It was learned in San'a that in the face of this pressure President 'Ali Salih issued a decree to reorganize the people's army. However, it has been observed that at the same time the Yemeni president issued a decree to prepare for convening the general people's congress which will debate and approve the Yemeni national charter, the charter he proposed for having all political forces participate in political life in Yemen. This is regarded as a forerunner of a political relaxation and for a national reconciliation in North Yemen.

Arab political observers told AL-MUSTAQBAL that President 'Ali Abdullah Salih and the principal figures of his regime in San'a had never approved making conditions with Aden tense and that the reorganization of the people's army, which is really a tribal army, was to propitiate some tribal leaders without being at the expense of San'a's relations with Aden or at the expense of

San'a's attempts to establish some sort of national unity inside the country. The attitude of President 'Ali Abdullah Salih was strengthened by the fact that the South Yemeni President, 'Ali Nasir Muhammad, sent an envoy, Abdullah Ahmad Ghanim, secretary of the office of the Supreme People's Assembly, to him in San'a carrying a message to 'Ali Abdullah Salih reaffirming Aden's desire to continue to implement the agreement on unifying the two parts of Yemen.

This attitude was also reinforced by the visit to San'a by Prince Sultan Ibn 'Abd-al-'Aziz, Saudi Minister of Defense and Aviation, at the head of a high-level Saudi delegation and by the Saudi-Yemeni talks which took place within the framework of the meetings of the 7th session of the Saudi-Yemeni coordination council. As stated by Prince Sultan, the Saudis reaffirmed that the Kingdom of Saudi Arabia stood firmly by Yemen "against all covert and overt conspiracies which were being hatched to disturb the security and stability of the area and challenged anyone who would let himself be enticed into damaging the integrity of its territory, its security and the independence of its countries."

However, besides this, some informed sources have told AL-MUSTAQBAL that Prince Sultan told the Yemeni officials that while his country condemned the attempts to stir up disturbances against North Yemen, it did not support any attempt to stir up problems between San'a and Aden, and that Riyadh was anxious for harmony and cooperation to prevail in relations among the countries of the area. This Saudi attitude was confirmed by the announcement in Riyadh last week, shortly before the visit of the Saudi delegation to San'a, that the Saudi Minister of the Interior, Prince Nayif Ibn 'Abd-al-'Aziz, would soon make a visit to Aden in response to an invitation from the minister of interior in South Yemen. While the Saudi-North Yemeni talks were discussing the economic and financial aid and loans which Riyadh would give to San'a each year, there was an announcement in the Saudi capital that King Khalid Ibn 'Abd-al-'Aziz had ordered that 18 million Saudi riyals of financial aid be given to "sister" Aden as well as quantities of tents, foodstuffs and medical supplies as assistance in coping with the floods that had inundated some areas of South Yemen.

In addition to the developments of the situation in the northern part of Yemen, the Yemeni-Saudi talks turned to the issue of economic cooperation between the two countries, or to put it more accurately, to discussion of ways for Saudi Arabia to continue its economic and material support of North Yemen through implementation of development projects in Yemen with Saudi money. These talks, which take place in the spring of each year, resulted in Riyadh's agreement to support North Yemen's budget for this year by 345 million riyals, in addition to an agreement on implementing a number of projects in various sectors. Among the most important of these projects involve Saudi assistance to the tune of 137 million riyals in a rural development project, financing of a power

station at a cost of 134 million, continued work on a project to construct 27 schools of various types in Yemen at Saudi Arabia's expense and continued Saudi support of education in Yemen by 1,422 contract teachers and 262 Saudi pedagogical instructors as well as the absorption of as many Yemeni students as possible in Saudi universities and institutes.

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June 4, 1982